Consumer Credit Services and Value Creation by the Lifestyle Activities of Bangladeshi Consumers

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Abstract: *As middle class and fixed income group in Bangladesh are not solvent enough to pay the price of an essential product (TV, fridge etc.) at a time from their savings. They need consumer credit to buy these products for creating value by doing their lifestyle activities. The study provides an overview of developments in the Bangladesh banking sector with a focus on marketing of consumer credit services in Bangladesh. The purpose of the study is to describe the marketing of consumer credit services with the focus on value creation by the lifestyle activities of consumers of Bangladesh. Both the qualitative and the quantitative research have been conducted for this study. 576 respondents in a survey were asked to rate the importance of 15 lifestyle activities variables related to consumer credit. These data were tested via factor analysis (the principal components method with varimax rotation) by using SPSS program. The results show that people borrow money to buy household goods for creating value by doing their work, entertainment activities and social activities. The thesis will make contribution to our understanding that people need consumer credit for buying household goods to create value by their lifestyle activities.*

Keywords: *Consumer, Consumer credit, Value Creation, Lifestyle activities, Work performance, Entertainment activities, Social activities*

1. Introduction

Bangladesh is a developing country. Most of the population of this country is coming up from middle class. They are in continuous race to elevate the standard of their living and quality of life. In doing so, it can not afford to posses basic necessity of life by paying the price at a time out of their savings (National Bank Ltd., 2006). Lending consumers' money for posses' necessity of life enable them to buy durable goods costing beyond their means has a long tradition in the Western banking world (Bilgin and Yavas, 1995). However, the emergence of mass markets for consumer goods and the attainment of higher standard of living by Western consumers are often attributed to the widespread

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availability of consumer credit (Bears, 1987). Marketing of consumer credit services are well known in Western countries. Until now, certainly owing to its recent introduction into the retail banking scene, very little is published on this topic in the context of developing countries like Bangladesh.

The purpose of this study is to fill the gap partially by describe the marketing of consumer credit services with the focus on value creation by the lifestyle activities of consumers of Bangladesh. The scope of this article is restricted to the consumer credit, which used for buying durable goods with a very short history in Bangladesh. The article provides an overview of developments in Bangladeshi banking sector. Then it presents the findings of survey conducted by the writer among officers of banks offering consumer credit services.

2. Literature Review

The installment method of operation was introduced in New York as early as 1807 by the founder of the firm of Cowperthwait & Sons. Later, installment selling was introduced in England in 1828 (Cole, 1998). The Bangel Bank, established in 1784, is considered to be the first British-patronized modern Bank in India to start trading in credit and money (Khan, 1999; Rahman, 2011). Dacca Bank, established in 1846, was the first modern bank headquartered in Dhaka (Uddin, 2010). Some Bengali entrepreneurs established the Pubali Bank in 1959, to support their fellow business with loan. The banking sector had to start a fresh journey in the war-ravaged Bangladesh after independence in 1971. The government took over all banks (Sonali, Agrani, Rupali, Pubali and Uttarra) under a nationalization order in 1972. In 1983, Pubali bank and Uttarra bank denationalized and the sector opened up to the private sector. By 1985, a dozen new banks hit the market under private ownership. Now 49 banks operated in the country, Out of the 49 banks in Bangladesh, 4 are nationalized commercial banks(NCB), 28 local private banks, 12 foreign banks and rest 5 are development banks (Bangladesh Bank, 2008).

The offering of consumer credit services by Islami Bank Bangladesh limited. for the first time in 1993 is perhaps the most significant service innovation of this revitalization period(Islami Bank Bangladesh Limited,1994). It was followed by Prime Bank Ltd. and Social Investment Bank Ltd., all of which started their services in 1995. Soon several other banks joined and today 19 of the 49 commercial banks offer consumer credit services (Bangladesh Banks, 2006). Therefore, it is necessary to know about the marketing of consumer credit.

Marketing of consumer credit services is very much important for two reasons: one, for expediting the consumer credit inclusion of mass people in the banking channels.

Another is to create massive awareness among people about the need of using banking channels for consumer credit transactions at home and abroad to ensure their contribution in the national economy.

Marketing of consumer credit has long been characterized as neglecting marketing. This certainly appears to be true for the banks of this period. The study shows that marketing department in Bangladeshi banks did not exist until 1983 and lack of marketing orientation permeated among the banks. In 1983, the first bank to introduce marketing department was Uttarra Bank Limited. Islami Bank Ltd. and Eastern Bank Ltd. were started their department in 1993 and 1995 respectively (Table 2.1). Followed these, soon several other banks joined and today, 93% of the commercial banks introduced marketing department to offer consumer credit services (Table 2.1).

Standard Chartered Bank Ltd., HSBC Ltd., Eastern Bank Ltd., the City Bank Ltd. and AB Bank Ltd. are involved in branding activities, which are high visibility. On the contrary, Mutual Trust Bank Ltd, Mercantile Bank Ltd., Jamuna Bank Ltd., Islami Bank Ltd., Bank Asia Ltd. etc. are only found to be patronizing various events exclusively and not seen quiet regularly working with marketing communication tools for their customers and other stakeholders. Some banks are associated with occasions both cultural and corporate. Moreover, exclusive branding activities can also be seen around by these banks (Khan, 2011). These brand image influence consumer to borrow money from the banks.

As shown in figure 2.1, the volume of consumer credit utilization in Bangladesh were recorded a remarkable growth. This growth undoubtedly is due to the changes in the social fabric of Bangladeshi society and the lifestyle of Bangladeshi people. The liberalization policies of the early 1980s opened the Bangladeshi market to imports. The increasing number of TV channel established during the 2000s beamed an over increasing number of western based programs into homes further exposing Bangladeshi people to western lifestyles (http://en.wikipedia.org/wiki/List_of_television_stations_in_Bangladesh, 2013). This demonstration effect coupled with the availability of consumer goods had a visible effect on the consumption desires of the people. Hence, consumer credit is seen as a salvation by those who wanted to attain higher material standard of living but could not afford on their incomes alone.

Researchers have identified that consumer credit is for purchasing consumer goods and services (Stokes & Artt, 1955), personal consumption (Prather, 1969), non-business use (Garman & Forgue, 1991), improving standard of living (Suneja,1994). Bexiley (1987) described consumer loan as secured or unsecured loan but Garman & Forgue (1991)

pointed out that consumer credit is nonbusiness debt used by consumers for purposes other than home mortgages. While Suneja (1994) has described that consumer loans are loans granted by banks to individuals who may feel inclined to purchase consumer durables to improve their standard of living. Consumer credits are loans granted by banks' to individuals' for personal households or family consumption who may feel inclined to purchase consumer durables to improve their lifestyle (Rahman, 2009). Bruna & Desmarès (2012) identified that consumer credit increased customer value by innovation and the development of new offerings for retailers and business introducers and innovation and the development of new offerings for consumers, in particular multichannel relations and a responsible credit offering, by improving the quality of the customer experience.

Creating value for customer has been recognizing as a key concept of marketing (Sheth & Usley, 2007; Rust and Oliver1994). As Kotler and Armostrong (2012) argues, "Marketing is the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return". Customers are claimed always to be a "co-creators of value" (Vargo and Lusch, 2008). Moreover, it is claimed "the firm cannot deliver value, but only offer value propositions" (Vargo and Lusch, 2008). Furthermore, the firms' role is emphasized not as a value creator but as a co-creator of value (Lusch and Akaka, 2008). It is claimed, " a firm's activity is best understood in terms of input for the customers' resources integrating, value-creation activities rather than it is in terms of its own integration of customer resources for the production' of value output" (Vargo, 2008). We agree with this conclusion, but it demand well structured definitions of the value, value creation, and value co-creation. Gronroos and Voima(2011) defined value as value in used, created by the user during usage of resources, process. It is accumulated throughout the customer's value creation process. It is uniquely and both experientially and contextually perceived and determined by the customers. Value creation is the customers' creation of value in use (Gronroos and Voima, 2011). A co-creative customer experience means that the customer is actively involved and contributing in some way in the design, delivery, and creation of the customer experience. To achieve the co-created experience, the customer must interact with the marketing provider (and perhaps other relevant actors in the experience network) to enable the co-construction of the experience. The outcome of the active contribution of the customer makes each experience unique, personalized and may provide a customized solution to the client. Co-creation is a new marketing approach that offers the potential for creating value for customers to a greater degree than company-centric marketing approaches. In co-creation, the customer is an integral, active part of the value creating process. This is in contrast to the conventional Porter (1996) value chain framework, where the customer plays a passive role in the value creation process (Ramirez 1999; Wikstrom 1996a). The firm is fundamentally a value facilitator. It

produces resources that facilitate customer's value creation (Gronroos, 2008). From the value creation perspective, the joint sphere and customer sphere are discussed in the next paragraph.

(i) Joint sphere: Interaction makes value creation a dialogical process, which Wikstrom(1996) refers to as value in interactions. Co-creation takes place only through the existence of direct interactions, where interaction from a platform for fruitful co-creation of values.

(ii) customer sphere is the customer's experiential sphere outside direct interactions, where value-in-use (real value) emerge (or is created) through the user's accumulating experiences with resources, processes (and/or their outcomes) in social, physical, temporal and /or spatial contexts (Gronroos &Voima, 2011).

The interaction concept is central in the joint sphere, which next is further developing from a value creation perspective by distinguishing between two different types of interaction: (i) direct interaction: It refers to a process where the customer has and firm' (personal, system, service escape, etc.) interact through an ongoing coordinated dialogical process. (ii) indirect interaction: It refers to situation where the customers uses or consumes resources that are outputs of a firm's processes. Example, The customer uses a shirt, which has been picked up at the laundry, and value is created when he feels well dressed when speaking at an important seminar.

From the discussion of definition of consumer credit, it is clear that consumer credit create value different way. Value created by the lifestyle activities are the aspect of this article. Previous researchers have identified lifestyle as distinct mode of living (Lazer, 1963), way to allocate income (Zablocki and Kanter, 1976), unified pattern of behavior (Berkman and Gilson, 1978), pattern of individual and social behavior (Veal, 1989), pattern of living reflected by activities, interests and opinions (Kotler & Armostrong, 2007). So, lifestyle can be defined as: Lifestyles are consumer pattern of living in the world as expressed in their activities, interests and opinions, pattern of consumption, spending time and money along with product, service and media.

Plummer (1974) measured people's lifestyle in terms of (i) how they spend their time, (ii) their interests, what they place importance on in their immediate surroundings, (iii) their opinions in terms of their view of themselves and the world around them, and (iv) some basic characteristics such as their stage in lifecycle, income, education, and where they live. He listed the elements included in each major dimension of lifestyle. These elements are: *activities*-work, hobbies, social events, vacation, entertainment, club membership, community, shopping, sports; *interests*-family, home, job, community, recreation,

fashion, food, media, achievements; *opinions*-themselves, social issues, politics, business, economics, education products, future, culture; *demographics*-age, education, income, occupation, family size, dwelling, geography, city size, stage in life cycle. The Plummer concept helps the marketer to find out the basic need of the consumer and how the products fit into their lives.

From the definition and measurement of lifestyle, definition of value, value creation and co- creation and consumer credit, it can be assumed that there may be relationships between consumer credit and value creation by lifestyle activities. Following discussion will also help to assume the relationship between consumer credit and value creation by lifestyle activities.

Amling and Dromes (1982) explained that consumer credit facilitates enjoyment of life because it enables people to obtain goods without delay. Garman & Forgue (1991) opined that consumers have to wait long time for buying household goods if they have no savings. Consumer credit helps them to enjoy immediate use of the products. Buying a fridge or car on consumer credit allows the consumer immediate use of the product.

Some researchers (Gladwell, 1990; Reimer, 1995) are employing a battery of items to capture a more holistic picture of people's lifestyles that included their hobbies, vocational interests, work, recreation and social activities. People need credit for buying household goods (like washing machine, sewing machine, car, motorcycle, computer etc.) to create value by doing their work and perform their hobbies, vocational, recreation and social activities. Mohiuddin and Kashem (2008), for example, explained that computer does wonder. It serves people in many ways. It is used in translation. Examination result can be accurately given by computer within the space of time. It helps to play games. Chowdhury & Hossain (2008) described that the students use computer to prepare their study materials. They learn many things within the shortest possible time. The printing cannot be thought of without computer. It is an indispensable part of printing.

People need credit for buying car. A car is necessary for outdoor activities and recreation. In this regard, Research by the "Outdoor Industry Foundation" (Outdoor Industry Association, 2000) explored active lifestyles of people participating in outdoor activities. In relation to outdoor recreation and tourism, a study by MacKay et al. (2002) identified outdoor recreation, sightseeing, and cultural activities as niche markets. People in these niche markets participated in different activities during their vacations. In examining tourism and cohorts (i.e., people born in the same time period), Pennington-Gray et al. (2003) found that "different cohorts may be attracted to different activities at different

times" of their lives. Another few studies also explored lifestyle activities oriented research, such as going to church, playing with children or grandchildren, drinking wine, visiting a theater, gardening, eating out etc. (Morgan & Levy, 2002; Vyncke,2002).

Combray (1987) found that more and more people are becoming involved in charity, volunteer work & social service activities. Social oriented people need credit to buy household goods (like TV, computer, car, motorcycle, fridge, furniture etc.) for creating value by maintaining interaction with others of the society. In this regard, Chandler (1994) argued that watching TV helped to get integration and social interaction: gaining insight into circumstances of others; social empathy; identifying with others and gaining a sense of belonging; finding a basis for conversation and social interaction; having a substitute for real-life companionship; helping to carry out social roles; enabling one to connect with family, friends and society.

Kotler & Armstrong (2007) identified that observers have noted a shift from 'me society to we' society in which more people want to be with and serve others. More and more they want to get out of the house and be with others. This trend suggests a greater demand for social support products and services that improve direct communication between people, such as health club, vacation & games. It also suggests a growing market for social substitute things that allow people who are alone to feel that they are not, such as TV, VCP, computer etc. Therefore, they need credit to buy social support and social substitute products (TV, computer etc.) for creating value by doing their charity, volunteer & social service activities. Sarker & Islam (2008) described that people get lot of information very easily about the society by using computer. They can communicate with others by using internet via computer.

From the above discussion, it is clear that previous researchers found link between consumer credit and value creation by people lifestyle activities (like work performance, entertainment activities and social activities). But no research has been done to investigate the relationship between consumer credit and value creation by lifestyle activities of consumers of Bangladesh. This study seeks to make a substantial contribution in this area. Thus, this paper seeks to answer three important research questions (R.Q.).

R.Q.1: How does consumer credit help to create value by the work performance?

R.Q.2: How does consumer credit help to create value by entertainment activities?

R.Q.3: How does consumer credit help to create value by social activities?

3. Conceptual Framework and Development of Hypotheses

In order to facilitate and frame my investigation of consumer credit uses, it is useful to present the theoretical model that was informed by my reading of related literature. This model is depicted in figure- 3.1. The model is a comprehensive one and should be capable of capturing the relevant factors underlying the problem. A number of variables have been included to measure consumer credit impact on value creation by lifestyle activities of people of Bangladesh. The variables are involved under categories of lifestyle activities factors. These are work performance, social activities and entertainment activities.

People need consumer credit to buy household products (TV, car, computer etc.) for creating value by doing their work, entertainment activities and social activities. Suppose, a tailor needs sewing machine; a teacher needs computer; a housewife needs washing machine, pressure cooker, and blender etc. for creating value by doing their work. A car, for example, is needed for going to shopping mall. A computer is necessary for internet shopping. They do entertainment activities (like listening song; watching dance, drama, cinemas; visiting enjoyable place etc.) by using household goods. They enjoy sports program by watching TV. They can play games by using computer. They can go to stadium for enjoying sports by using car. They do social activities (like going to community center, club etc.) by using household products. A car/motorcycle, for example, is needed to go to a ceremony (like marriage ceremony). The value is created when they performed identified activities.

Figure-3.1: The conceptual model of consumer credit impacts on value creation by lifestyle activities
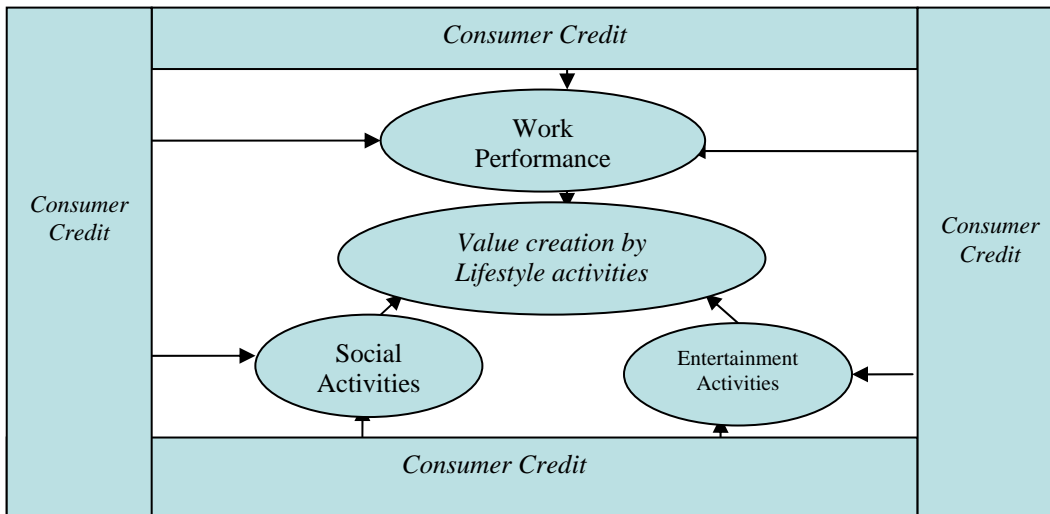
From the analysis of the literature review and conceptual framework, it can be assumed that there may be an association between consumer credit & value creation by people's lifestyle activities. Hypotheses (H) as formulated in this section along with the expected effect on the consumer credit impacts on value creation by lifestyle activities are summarized as follows:

H1. There is a strong association between consumer credit and value creation by people's lifestyle activities.

As lifestyle activities include work performance, entertainment activities, social activities etc.; therefore, for the purpose of the study, researcher can develop it into the following three sub-hypotheses.

H1a. There is a strong association between consumer credit and value creation by people's work performance.

H1b. There is a strong association between consumer credit and value creation by people's entertainment activities.

H1c. There is a strong association between consumer credit and value creation by people's social activities.

4. Research Methods

The strategy adopted for this study is the personal interview survey. Considering the nature of the present study, a combination of structured and unstructured interview schedules was used in order to explore both quantitative and qualitative information. 6 sets of questionnaires were used to collect information. Dhaka-the capital city of Bangladesh was chosen as study area for this study. Addresses & phone numbers of the borrowers (respondents) were collected from the office file of the sample branches by the employees of the banks for interview. Sample size determination formula is used for identifying total number of samples.

Sample size determination method:

$N = \{p\,(1\text{-}p)\,z^2/d^2\}*\text{deft}$

N = size of the sample

P = the proportion to be estimated=0.5

Z = value of standard normal variate=95% level of significance=1.96

D = the amount of tolerated margin of error=0.05

Deft = design effect = 1.5

Number of sample = [{0.5(1-0.5) (1.96)^2 }/ (0.05)^2]*1.5=576

576 borrowers were selected as sample for interviewing. At first target population is divided into mutually exclusive and collectively exhaustive subpopulation or cluster. That means 301 clusters (branch as cluster). Random sample of cluster (branch as cluster) is selected based on probability sampling technique. Here, 30 (branches as cluster) clusters are selected as sample by using probability proportionate to size sampling method from 301 branches. All borrowers in each selected branch (cluster) could not be included in the sample because of time and cost constraints. For this reason, probability proportionate to size sampling of two-stage cluster sampling method is used for selecting number of borrowers from each branch. Each borrower is selected by using systematic manners of simple random sampling method. Data were collected on the relevant variables from primary and secondary sources. Primary sources included borrowers who bought household goods by consumer credit from the banks. Secondary data have been collected from the published contents of the annual reports, relevant brochures, sales figures, prior research reports of the listed banks internal sources and suppliers and different kinds of Journal.

5. Analyses and Results

For the analyses, cases with incomplete profiles were deleted. Further, responses to individual items of "Refused" were recorded as missing data. The statistical program, SPSS for Windows (SPSS, 2004), was used for all analyses. For identifying consumer credit impacts on value creation by lifestyle activities, respondents in a survey were asked to indicate their degree of agreement with 15 statements/ variables (appendix, Table 6.1) using a 5-point likert scale (1=strongly disagree, 5=strongly agree).These data were analyzed via principal components analysis. The factor analysis using the principal components method with varimax rotation was run to determine the underlying benefits(value) consumers seek of their lifestyle activities (work performance, entertainment activities, social activities) from the use of household goods (TV, fridge, furniture etc.) borrowed by consumer credit.

The correlation matrix, constructed from the data obtained to understand lifestyle activities is shown in appendix (Table 5.1). There is a relatively high correlation among v1, v2, v3, v5, v6, v7 variables. These variables are to be correlated with the same set of

factors. Likewise, there is a relatively high correlation among v4, v6, v7 variables. In the same way, there is a relatively high correlation among v8, v9, v10, v11 variables. Likewise, there is a relatively high correlation among v12, v11 variables. Similarly, there is a relatively high correlation among v13, v9, v10 variables. Likewise, there is a relatively high correlation among v14, v10 variables. Likewise, there is a relatively high correlation between v13, v15 variables. So above variables are correlated with each other. These variables may also be expected to correlate with the same factors. Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett's Test of Sphericity statistics are applied to test the rating data for factor analysis (appendix, Table 5.2). The approximate chi-square statistics is 678.21 with 105 degrees of freedom, which is significant at the 0.05 level. Calculated value (678.21) is greater than table value. Therefore, this Bartlett's Test of Sphericity is highly significant. The value of the KMO statistics (0.804) is also large (>0.5). So, the data are suitable for factor analysis. Thus, factor analysis is considered an appropriate technique for analyzing the correlation matrix of appendix (Table 5.1). Priori determination, approaches based on eigenvalues, scree plot and percentages of variance accounted are applied to identify the number of factors. Three factors are extracted from lifestyle activities variables by priori determination method. Under "Communalities", "initial column", it can be seen that the communality for each variable, v1 to v15, is 1.0 as unities are inserted in the diagonal of the correlation matrix (appendix, Table 5.3). Appendix (table 5.4) labeled "Initial Eigenvalues" gives the eigenvalues. The eignvalue greater than 1.0 (default option) results in three factors being extracted (appendix, Table 5.4). The scree plot associated with this analysis is given in appendix (figure 5.1). From the scree plot, a distinct break occurs at three factors (appendix, figure 5.1). Finally, from the cumulative percentage of variance account for, it is seen that the first three factors account for 60.26 percent of the variance, and that the gain achieved in going to three factors is marginal(appendix, Table 5.4). Thus, three factors appear to be reasonable in this situation. So the three factors are extracted for determining the underlying dimension of lifestyle activities related to consumer credit.

The coefficients of the rotated factor (component) matrix are used to interpret the factors (appendix, Table 5.5). In table 5.5, variables v1, v2, v3, v4, v5, v6, and v7 are correlated highly with factor 1 after rotation. Likewise, v8, v9, v10, v11, v12 are correlated highly with factor 2 after rotation. The remaining variables v13 and v15 get correlated highly with factor 3. Furthermore, variable v9 is correlated with both the factors (factor 2 & factor 3). The rotated factor matrix forms the basis for interpretation of the factors. Interpretation is facilitated by identifying the variables that have large loadings on the same factor (appendix, Table 5.5). That factor can then be interpreted in terms of the variables that load high on it.

In the rotated factor matrix of appendix(Table 5.5), factor 1 has high coefficients for variables V1(Borrowed consumer credit to purchase car/ motorcycle helps to create value by going to office or working center), v2 (Borrowed consumer credit to purchase

computer helps to create value by finding, storing, organizing and disseminating information; maintaining accounts; preparing class note/ lecture sheet/ number of examination script etc.), V3 (Borrowed consumer credit to purchase sewing machine helps to create value by sewing dress.),V4 (Borrowed consumer credit to purchase washing machine helps to create value by washing dress), V5 (Borrowed consumer credit to purchase almira helps to create value by protecting cookeries from damage), V6 (Borrowed consumer credit to purchase wardrobe helps to create value by protecting dress from dust.), v7 (Borrowed consumer credit to purchase car/ motorcycle helps to create value by going to shopping mall or store for shopping).Therefore, this factor may be labeled as work performance factor. Borrowed consumer credit to purchase household goods (car, computer, sewing machine, washing machine, almirah, khat, motor cycle etc.) helps people to create value by doing their work.

Likewise, there is a relatively high correlation among V8 (Borrowed consumer credit to purchase car/ motorcycle helps to create value by visiting enjoyable place and feel comfort.), V9 (Borrowed consumer credit to purchase car/ motorcycle helps to create value by going to auditorium, cinema hall or theater hall for enjoying a program like speeches, drama, dance, cinema, song etc..), V10 (Borrowed consumer credit to purchase computer helps the children to create value by playing game.), V11 (Borrowed consumer credit to purchase car/ motorcycle/ TV helps to create value by enjoying football, cricket, tennis, athletics, wrestling, motorcycle racing, boat racing, bicycle racing etc. and other games.), V12 (Borrowed consumer credit to purchase computer helps to create value by browsing or internet shopping). Thus factor 2 may be labeled as entertainment activities factor. Borrowed consumer credit to purchase household goods (car, motorcycle, TV etc.) helps people to do their entertainment activities.

Similarly, V13 (Borrowed consumer credit to purchase car/ motorcycle/ TV helps to create value by carrying out the social roles), V15 (Borrowed consumer credit to purchase car/ TV/ motorcycle/ computer helps to create value by transmitting value to others). So, factor 3 may be labeled as social activities factor. Borrowed consumer credit to purchase household goods (car, motorcycle, TV) helps people to do their social activities.

V14 (Borrowed consumer credit to purchase car/ motorcycle helps to create value by going to community center for performing community activity) labels both the factors (factor-2 & factor-3). So, this variable indicates both (entertainment & social activities) factors. Borrowed consumer credit to buy household goods (like car, motorcycle, TV) helps to maintain the social & entertainment activities. In appendix (table 5.6), it is seen that only 49 residuals are larger than 0.05, indicating an acceptable model fit. From the above analysis, it is proved that there is a strong association between consumer credit & value creation by people's lifestyle activities.

6. Findings

The findings of the study show that people mainly borrow consumer credit for three reasons. They borrow consumer credit to buy household goods to create value by doing their work, entertainment activities and social activities. Factors loading of the variables and % of variance of the factors (appendix, Table 6.1) proved the hypothesis that there is a strong association between consumer credit and value creation by people's lifestyle activities. The following is a brief discussion of each factor in the order of its contribution to the total variance.

Factor-1: Work performance. This factor contains seven variables, three of which have relevance to do the outside activities, and the other four to do the household activities. The examination of consumer credit impacts on lifestyle activities reveals that all seven variables were significant (appendix, Table 6.1). People borrow money to buy household goods for getting value by doing their work. Car/motorcycle, for example, helps people to create value by going to office, working center or shopping mall in a convenient time. They feel comfort, relax & easy to go to office by car, which helps them to speed their work or services.Tension free, comfortable & easiest return to home, is possible by using car after doing work. It motivates people to perform their work effectively & efficiently. Computer, for example, helps people to create value by gathering information, storing it and sometimes disseminating it to other people. They use this information or written materials in another time. They need to solve different problems/ activities–like writing, translating, storing and disseminating information by computer. It helps them to do correct, speedy and efficient calculation. It helps them to keep data safe for long time. It also helps them to send mail and browse internet. It helps them to perform art and design. It helps them to make plans. They can also buy the printer for printing all of their transaction and written materials. Sewing machine also helps people to create value by sewing dress. Correct, speedy, fashionable sewing of dress is possible by using sewing machine. It is very much necessary for a housewife. By this machine, she can easily sew dress for her or her family members. Sometime, she can also earn money by sewing dress of neighbors. Washing machine is necessary for speedy and easy washing of clothing. A housewife feels better to wash cloth in modern process. Cookeries (plate, glass, tray, cup etc.) can be protected from the damage by using furniture like showcase, almirah etc. People need wardrobe for putting dress into a safe & secured place. The wardrobe helps them to protect their dress from dust, squints & stealing.

Factor-2: Entertainment activities. In the present analysis, this factor explained the second highest variance (appendix, Table 6.1). Of the five variables, three were indicates outdoor entertainment activities and two were indicated indoor entertainment activities. All five variables were significant (appendix, Table 6.1). Borrowed money to buy

household goods helps people to create value by doing their entertainment activities. Car/motorcycle, for example, helps people to create value by going to park, museum, zoo, Children Park, garden, big lakes, seaport & near the hill etc. to enjoy natural and modern picture or scenery. It is helped to go to a function, a ceremony, a cinema hall or a theatre hall. It is also necessary to visit art galleries to see artistic picture of great artesian. It helps people to go to stadium or venue to enjoy football, cricket, tennis, athletics, wrestling, motorcycle racing, boat racing, and bicycle racing etc. The children of a family need computer for playing games. By using internet via computer, a man can chat with others. They can easily communicate with their relatives, friends or others. Strong relationship & friendship are possible by using internet. Sometimes they need not to go to shopping mall or other places for buying something. They can easily buy anything by using internet.

Factor-3: Social activities. Two of three variables listed under the hypothesized dimension show significant loadings on the extracted factor (appendix, Table 6.1). People borrow money to buy household goods for getting value by doing their social activities. People in society are connected with activities in which people meet each other for pleasure. A car/ motorcycle, for example, help them to meet each other. A sofa set helps them to sit comfortably and interact with each other. TV helps them to know about the fact, value, cultural activities of their society. People learn value from watching TV. Values play an important role for individuals, "guiding actions, attitudes, judgment, and comparisons across specific objects" (Rokeach, 1973; Robert and Jones, 2001). People transmit their value to others by using household goods like computers, TV etc. A car/motorcycle is necessary for going to community center. From the discussion, it is clear that limited income people need consumer credit to buy household goods like (TV, fridge, sewing machine, washing machine, furniture, car, motorcycle etc.) for doing their work, entertainment activities and social activities etc.

7. Implication and Conclusion of the Study

The study establishes the relevance of consumer credit influence on value creation by consumer lifestyle activities. This implies that managers of banks are likely to benefit considerably in targeting and positioning their media communication by focusing their attention on value creation by lifestyle activities of their consumers by using household goods borrowed by consumer credit. People borrow money to buy product for getting value by their lifestyle activities. Lifestyle is expressed by activities-work performance, entertainment activities & social activities etc. Car, computer, sewing machine, washing machine, almirah, wardrobe, pressure cooker and blender etc. household goods are very much helpful to create value by increasing the flow of work performance. The television, computer, VCP, VCR, car etc. are very much helpful to create value by increasing the

flow of entertainment activities. Television, car, furniture etc. are very much helpful to create value by increasing the flow of social activities. These are justified by factor analysis of this study. The managers of banks have opportunity to focus attention on the segment of the consumers who are interested to create value by increasing their lifestyle activities by borrowing money. From the analysis of this thesis, it is proved that there is a strong relationship between consumer credit and value creation by people's lifestyle activities. So people borrow money to purchase household goods for getting value by doing their lifestyle activities. In a consumption environment, a person chooses a product or brand, which seems to possess a maximum possibility of the definition or elaboration of his lifestyle activities. This thesis will help managers to understand the individual's consumer credit consumption behavior by analyzing the details of his lifestyle activities system, which will help them to take marketing strategy to expand the consumer credit scheme. They can make different strategy for improving the consumer credit scheme so that it can be ensured the value creation by upgrading the lifestyle activities of people. Consequently, this thesis shows that there is a causal effect of the value creation by individual's lifestyle activities on his consumer credit consumption behavior.

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Appendix

Figure 2.1: Trend of consumer credit growth composed by 9-private Bank Ltd. in Bangladesh from 2006 to 2009
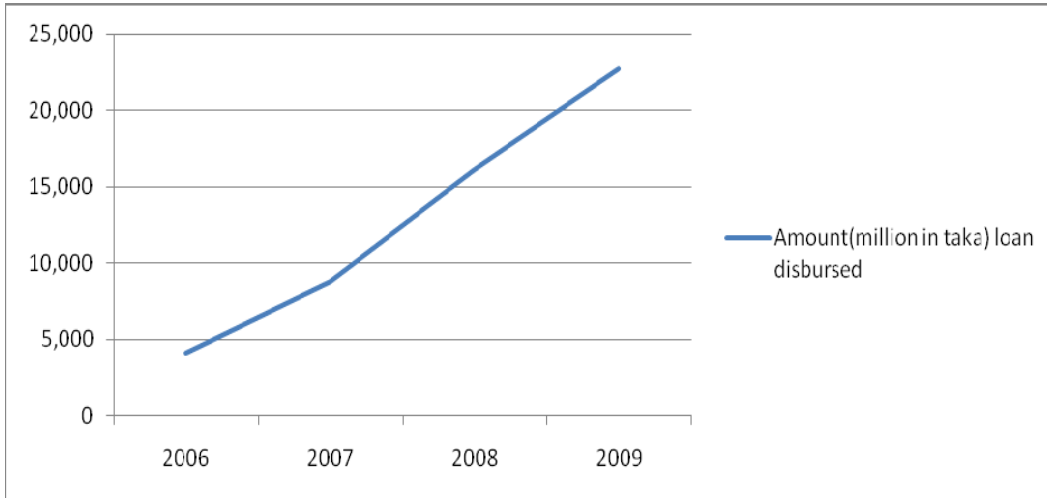
Figure -5.1: Scree plot of some lifestyle (activities) variables related to consumer credit
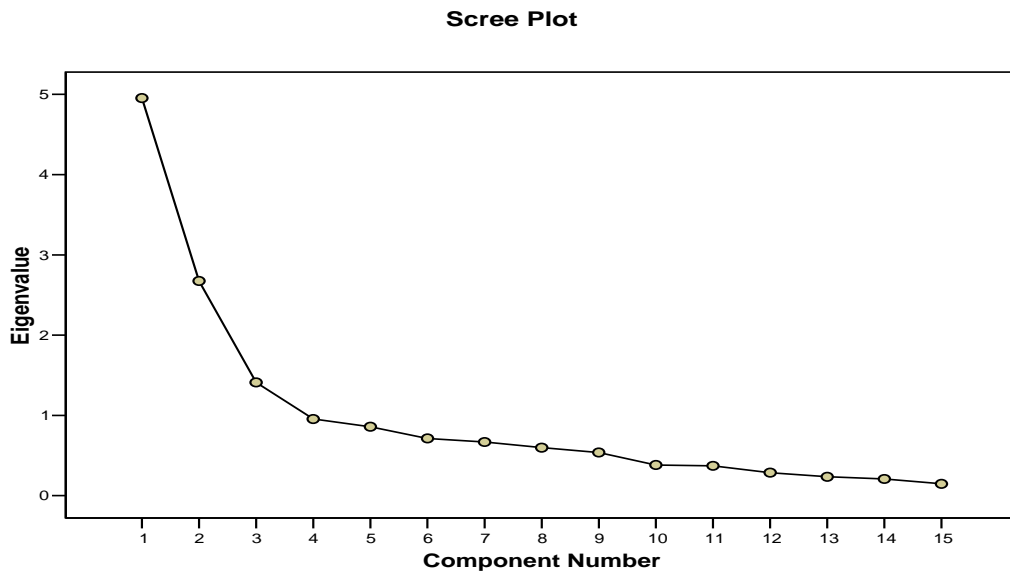
Table-2.1 Introduction of the Marketing Department of Banks in Bangladesh

Name of Banks	Introduction Date
Uttra Bank ltd.	1983
Islami bank ltd.	1993
Estern Bank ltd.	1995
Janata Bank ltd.	1998
Prime Bank ltd.	1999
Mercantile Bank ltd.	1999
Brac Bank ltd.	2001
ICB ISLAMI Bank ltd.	2001
HSBC	2002
AB Bank ltd.	2003
Dhaka Bank ltd.	2004
Trust Bank ltd.	2004
Dutch-Bangla Bank ltd.	2005
One Bank ltd.	2006

**Table-5.1: Correlation Matrix of lifestyle
(activities) variables related to consumer credit.**

		v1	v2	v3	v4	v5	v6	v7	v8	v9	v10	v11	v12	v13	v14	v15
Correlation	v1	1.000														
	v2	.519	1.000													
	v3	.624	.656	1.000												
	v4	.211	.362	.395	1.000											
	v5	.527	.553	.614	.363	1.000										
	v6	.575	.512	.662	.401	.659	1.000									
	v7	.516	.337	.491	.401	.459	.417	1.000								
	v8	.291	.400	.260	.189	.186	.061	.069	1.000							
	v9	.327	.279	.299	.224	.395	.212	.254	.486	1.000						
	v10	.379	.335	.366	.153	.427	.219	.284	.549	.809	1.000					
	v11	.081	.138	.223	.089	.067	-.056	.019	.473	.471	.599	1.000				
	v12	.007	.120	.093	-.056	-.069	-.038	.098	.233	.251	.342	.418	1.000			
	v13	.106	-.027	.170	.052	.250	.147	.093	.172	.433	.465	.388	.033	1.000		
	v14	-.052	-.076	-.057	-.234	-.049	-.094	-.051	.209	.200	.333	.275	.169	.251	1.000	
	v15	.103	-.071	.073	.050	.099	.108	.089	.095	.376	.299	.125	-.035	.398	.165	1.000

**Table-5.2: KMO and Bartlett's Test of lifestyle (activities) variables related to
consumer credit.**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.804
Bartlett's Test of Sphericity	Approx. Chi-Square	678.210
	df	105
	Sig.	.000

Table -5.3: Communalities of lifestyle (activities) variables related to consumer credit.

	Initial	Extraction
v1	1.000	.589
v2	1.000	.695
v3	1.000	.722
v4	1.000	.341
v5	1.000	.684
v6	1.000	.695
v7	1.000	.446
v8	1.000	.564
v9	1.000	.703
v10	1.000	.828
v11	1.000	.664
v12	1.000	.510
v13	1.000	.638
v14	1.000	.349
v15	1.000	.612

Extraction Method: Principal Component Analysis.

Table- 5.4: Total Variance Explained of lifestyle (activities) variables related to consumer credit.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.954	33.024	33.024	4.954	33.024	33.024	4.220	28.135	28.135
2	2.675	17.831	50.855	2.675	17.831	50.855	2.751	18.338	46.473
3	1.411	9.404	60.259	1.411	9.404	60.259	2.068	13.786	60.259
4	.955	6.367	66.626						
5	.858	5.721	72.347						
6	.713	4.751	77.098						
7	.668	4.455	81.552						
8	.598	3.988	85.540						
9	.537	3.582	89.123						
10	.382	2.546	91.669						
11	.372	2.480	94.148						
12	.287	1.912	96.060						
13	.236	1.573	97.633						
14	.208	1.386	99.018						
15	.147	.982	100.000						

Extraction Method: Principal Component Analysis.

Table-5.5: Rotated Component Matrix of lifestyle (activities) variables related to consumer credit

	Component		
	1	2	3
v1	.753	.125	.078
v2	.741	.310	-.223
v3	.828	.189	.024
v4	.583	.002	-.021
v5	.797	.031	.221
v6	.818	-.119	.111
v7	.662	.018	.083
v8	.224	.714	.061
v9	.326	.562	.529
v10	.335	.697	.480
v11	.001	.779	.237
v12	-.057	.692	-.166
v13	.088	.184	.772
v14	-.234	.391	.376
v15	.049	-.045	.779

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 4 iterations.

Table- 5.6: Reproduced Correlations of lifestyle (activities) variables related to consumer credit.

		v1	v2	v3	v4	v5	v6	v7	v8	v9	v10	v11	v12	v13	v14	v15
Reproduced Correlation	v1	.589(b)	.579	.649	.438	.621	.609	.507	.262	.357	.377	.117	.031	.150	-.098	.092
	v2	.579	.695(b)	.667	.438	.551	.544	.477	.374	.298	.357	.190	.210	-.050	-.136	-.152
	v3	.649	.667	.722(b)	.483	.671	.657	.554	.322	.389	.421	.154	.080	.126	-.111	.051
	v4	.438	.438	.483	.341(b)	.460	.475	.385	.131	.181	.187	-.003	-.028	.036	-.143	.012
	v5	.621	.551	.671	.460	.684(b)	.672	.546	.214	.394	.394	.077	-.061	.246	-.091	.210
	v6	.609	.544	.657	.475	.672	.695(b)	.548	.104	.258	.244	-.066	-.148	.136	-.196	.132
	v7	.507	.477	.554	.385	.546	.548	.446(b)	.166	.270	.274	.034	-.039	.126	-.116	.097
	v8	.262	.374	.322	.131	.214	.104	.166	.564(b)	.507	.602	.571	.472	.198	.250	.026
	v9	.357	.298	.389	.181	.394	.258	.270	.507	.703(b)	.755	.564	.283	.541	.343	.403
	v10	.377	.357	.421	.187	.394	.244	.274	.602	.755	.828(b)	.657	.383	.528	.375	.359
	v11	.117	.190	.154	-.003	.077	-.066	.034	.571	.564	.657	.664(b)	.500	.326	.394	.150
	v12	.031	.210	.080	-.028	-.061	-.148	-.039	.472	.283	.383	.500	.510(b)	-.006	.222	-.164
	v13	.150	-.050	.126	.036	.246	.136	.126	.198	.541	.528	.326	-.006	.638(b)	.342	.598
	v14	-.098	-.136	-.111	-.143	-.091	-.196	-.116	.250	.343	.375	.394	.222	.342	.349(b)	.264
	v15	.092	-.152	.051	.012	.210	.132	.097	.026	.403	.359	.150	-.164	.598	.264	.612(b)
Residual(a)	v1		-.060	-.025	-.227	-.094	-.035	.009	.029	-.030	.003	-.035	-.023	-.044	.045	.011
	v2	-.060		-.011	-.076	.003	-.032	-.140	.026	-.019	-.023	-.051	-.090	.023	.060	.080
	v3	-.025	-.011		-.088	-.057	.005	-.063	-.062	-.090	-.055	.069	.013	.044	.054	.023
	v4	-.227	-.076	-.088		-.098	-.073	.017	.059	.043	-.034	.092	-.028	.017	-.090	.038
	v5	-.094	.003	-.057	-.098		-.014	-.088	-.028	.001	.033	-.011	-.009	.004	.042	-.111
	v6	-.035	-.032	.005	-.073	-.014		-.132	-.043	-.047	-.025	.009	.110	.012	.103	-.023
	v7	.009	-.140	-.063	.017	-.088	-.132		-.097	-.016	.010	-.016	.137	-.033	.066	-.008
	v8	.029	.026	-.062	.059	-.028	-.043	-.097		-.021	-.053	-.098	-.239	-.026	-.041	.070
	v9	-.030	-.019	-.090	.043	.001	-.047	-.016	-.021		.054	-.093	-.031	-.108	-.142	-.027
	v10	.003	-.023	-.055	-.034	.033	-.025	.010	-.053	.054		-.058	-.042	-.063	-.042	-.059
	v11	-.035	-.051	.069	.092	-.011	.009	-.016	-.098	-.093	-.058		-.082	.061	-.119	-.025
	v12	-.023	-.090	.013	-.028	-.009	.110	.137	-.239	-.031	-.042	-.082		.039	-.052	.129
	v13	-.044	.023	.044	.017	.004	.012	-.033	-.026	-.108	-.063	.061	.039		-.091	-.200
	v14	.045	.060	.054	-.090	.042	.103	.066	-.041	-.142	-.042	-.119	-.052	-.091		-.099
	v15	.011	.080	.023	.038	-.111	-.023	-.008	.070	-.027	-.059	-.025	.129	-.200	-.099	

Extraction Method: Principal Component Analysis.

a Residuals are computed between observed and reproduced correlations. There are 49 (46.0%) nonredundant residuals with absolute values greater than 0.05.

b Reproduced communalities.

Table-6.1: Lifestyle (activities) variables, factor loading and % of variance related to consumer credit.

Brief name of Factors	Factors interpretation(% of variance explained)	Factors Loading	Name of Variables
F1	Work performance (28.14)	.753	V1: Borrowed consumer credit to purchase car/ motorcycle helps to create value by going to office or working center.
		.741	v2: Borrowed consumer credit to purchase computer helps to create value by finding, storing, organizing and disseminating information; maintaining accounts; preparing class note/ lecture sheet/ number of examination script etc.
		.828	V3: Borrowed consumer credit to purchase sewing machine helps to create value by sewing dress.
		.583	V4: Borrowed consumer credit to purchase washing machine helps to create value by washing dress.
		.797	V5: Borrowed consumer credit to purchase almira helps to create value by protecting cookeries from damage.
		.818	V6: Borrowed consumer credit to purchase wardrobe helps to create value by protecting dress from dust.
		.662	V7: Borrowed consumer credit to purchase car/ motorcycle helps to create value by going to shopping mall or store for shopping.
F2	Entertainment activities(18.34)	.714	V8: Borrowed consumer credit to purchase car/ motorcycle helps to create value by visiting enjoyable place and feel comfort.
		.562	V9: Borrowed consumer credit to purchase car/ motorcycle helps to create value by going to auditorium, cinema hall or theater hall for enjoying a

			program like speeches, drama, dance, cinema, song etc.
		.697	V10: Borrowed consumer credit to purchase computer helps create value by the children to play game.
		.779	V11: Borrowed consumer credit to purchase car/ motorcycle/ TV helps to create value by enjoying football, cricket, tennis, athletics, wrestling, motorcycle racing, boat racing, bicycle racing etc. and other games.
		.692	V12: Borrowed consumer credit to purchase computer helps to create value by browsing or internet shopping.
F3	Social activities(13. 79)	.772	V13: Borrowed consumer credit to purchase car/ motorcycle/ TV helps to create value by carring out the social roles.
		.376	V14: Borrowed consumer credit to purchase car/ motorcycle helps to create value by going to community center for performing community activity.
		.779	V15: Borrowed consumer credit to purchase car/ TV/ motorcycle/ computer helps to create value by transmitting value to others.