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AN EMPIRICAL STUDY OF CASHBACK AND REWARD PERSONALIZATION ON CUSTOMER CREDIT CARD USAGE BEHAVIOUR- WITH REFERENCE TO AXIS BANK LTD

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ABSTRACT
This study examines the effect of cashback offers and reward personalization on customers' credit card usage behaviour with reference to Axis Bank Ltd. The study focuses on customer awareness, preferences, perceived value, satisfaction and loyalty associated with cashback and personalized rewards, and evaluates how these factors relate to overall credit card usage. A descriptive research design was adopted and primary data were collected through a structured questionnaire from 135 Axis Bank credit card users. The study used a five-point Likert scale and analysed the data using descriptive statistics, reliability analysis, normality testing, Mann–Whitney U testing, Kruskal–Walli's testing, Spearman correlation and regression analysis. The questionnaire showed excellent internal consistency with Cronbach's Alpha of 0.986, while normality tests indicated non-normal data. Cashback offers had an average score of approximately 3.38, reward personalization approximately 3.32, customer satisfaction and loyalty approximately 3.34, and overall usage behaviour approximately 3.18. Spearman correlations were positive and significant, ranging from 0.769 to 0.871. Individual regression models showed that cashback explained 59.2% and reward personalization explained 60.5% of the variation in overall usage behaviour. A multiple regression model containing cashback, reward personalization and customer satisfaction and loyalty explained 76.2% of the variation in usage behaviour. The study concludes that relevant, transparent and easy-to-use rewards can strengthen customer engagement, satisfaction, loyalty and continued credit card usage.
KEYWORDS*: Axis Bank, Cashback, Reward Personalization, Credit Card Usage Behaviour, Customer Satisfaction, Loyalty, Banking.*

1. INTRODUCTION

The Indian banking and credit card industry has undergone substantial transformation due to digital payments, e-commerce, changing consumer lifestyles and increasing competition among banks. Credit cards have evolved from being primarily payment instruments into customer-engagement products supported by cashback, reward points, discounts, travel benefits and personalized offers. Banks increasingly use customer transaction information and data analytics to design benefits that are more closely aligned with individual spending patterns.

Cashback provides customers with a direct monetary benefit linked to their card spending, while reward programmes provide redeemable points or benefits. Reward personalization goes a step further by tailoring offers according to spending behaviour, lifestyle, preferences and transaction history. These mechanisms are intended to increase perceived value, encourage repeat usage and strengthen customer relationships.

The present study focuses specifically on Axis Bank credit card users and examines whether cashback offers and personalized rewards influence their usage behaviour. The study also considers customer satisfaction and loyalty because a customer may continue using a card not only because of an immediate cashback benefit but also because the overall reward experience creates value and trust.

2. OBJECTIVES OF THE STUDY

- To study customers' awareness and preferences regarding cashback offers and reward personalization offered on Axis Bank credit cards.
- To examine the effect of cashback offers on customers' credit card usage behavior.
- To examine the effect of reward personalization on customers' credit card usage behavior.
- To examine the relationship between customer satisfaction and loyalty and credit card usage behavior.
- To analyse the combined effect of cashback offers, reward personalization, and customer satisfaction and loyalty on customers' credit card usage behavior.

3. LITERATURE REVIEW

Agrawal (2025): Examined hyper-personalization and reward planning in BFSI products. The study emphasized the use of customer spending patterns and machine-learning approaches to create targeted reward programmes.
Matsui et al. (2025): Studied redemption behaviour in complex digital incentive environments and highlighted the importance of designing reward systems that reflect actual user behaviour.

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Arora (2020): Examined customer satisfaction and attitude toward plastic money and found that convenience, cost, time, reward points and offers were important factors. Trust also played a mediating role.
Pereira (2019): Studied credit card consumer behaviour using customer and transaction characteristics and showed that cashback and customer profile variables can help explain differences in card usage.
Grzywacz (2024): Investigated gamification mechanisms in credit card usage and reported that higher reward-point value significantly influenced customer engagement and satisfaction.
Oo (2024): Examined factors influencing credit card usage and found that credit-card attributes had a positive and significant influence on usage, while demographic and lifestyle variables were less influential in the model.
Sahoo (2024): Studied digital marketing and mobile engagement strategies of Axis Bank and ICICI Bank and highlighted the role of digital communication, app features and notifications in customer awareness and engagement.
Chaurasiya (2024): Examined fintech and digital payment technologies and identified opportunities related to financial inclusion and digital banking while noting security, privacy and regulatory challenges.
Kund (2024): Analysed retail banking products and digital banking adoption and reported that convenience, technology, service quality and security influence customer satisfaction and loyalty.
Agarwal (2020): Studied bank stress-test effects on consumer credit markets and found that banks may use lower interest rates, rewards and promotions to remain competitive and influence customer credit behaviour.

4. RESEARCH GAP AND CONCEPTUAL FOCUS

The literature reviewed in the internship report shows that credit card usage, customer satisfaction, loyalty, digital banking and reward programmes have been studied from different perspectives. However, relatively limited attention has been given to the combined effect of cashback and reward personalization on credit card usage behaviour with specific reference to Axis Bank. Many studies examine rewards generally or investigate satisfaction and loyalty separately. The present study therefore integrates cashback offers, reward personalization, customer satisfaction and loyalty, and overall credit card usage behaviour within one analytical framework.

The conceptual focus of the study treats cashback offers and reward personalization as key promotional variables, customer satisfaction and loyalty as an important relationship variable, and overall credit card usage behaviour as the outcome variable.

5. RESEARCH METHODOLOGY

Research design: The study adopted a descriptive research design to describe customers' awareness, preferences, perceptions and behaviour regarding cashback and reward personalization.

Data collection: Primary data were collected through a structured questionnaire from Axis Bank credit card users. Secondary information was obtained from research papers, reports, websites and other relevant sources used in the internship report.

Sampling: The final analysed sample consisted of 135 respondents. The report used a non-probability convenience approach, based on accessible and willing credit card users.

Measurement: The questionnaire used a five-point Likert scale. The analytical constructs were Cashback Offers, Reward Personalization, Customer Satisfaction and Loyalty, and Overall Credit Card Usage Behaviour. The Likert-scale instrument contained 24 items.

Data analysis: Microsoft Excel and SPSS were used for coding, classification, tabulation and statistical analysis. Descriptive statistics, Cronbach's Alpha, Kolmogorov–Smirnov and Shapiro–Wilk normality tests, Mann–Whitney U, Kruskal–Wallis, Spearman correlation and regression analysis were applied.

Decision rule: A significance level of 0.05 was used for hypothesis testing. Because the normality tests were significant at $p < 0.05$, non-parametric tests were used for group comparisons and correlation.

6. RESULTS AND ANALYSIS

6.1 Respondent Profile

The final analysis included 135 respondents. The gender distribution comprised 88 male respondents and 47 female respondents. The source report also analysed differences in perceptions and usage behaviour across age, education, occupation and income groups.

6.2 Descriptive Statistics

Construct	Numbers	Average Mean	Interpretation
Cashback Offers	135	Approx. 3.38	Moderately positive
Reward Personalization	135	Approx. 3.32	Moderately positive
Customer Satisfaction & Loyalty	135	Approx. 3.34	Moderately positive
Overall Credit Card Usage Behavior	135	Approx. 3.18	Moderate

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The descriptive results indicate that customers generally responded positively to cashback, personalized rewards, satisfaction and loyalty. However, overall usage behaviour recorded the lowest construct-level average, suggesting that positive perceptions do not automatically translate into making the Axis Bank card the customer's primary payment instrument.

6.3 Key Item-Level Results

Among cashback-related indicators, preference for merchants offering cashback recorded the highest mean of 3.47, followed by actively seeking cashback offers at 3.46. For personalization, respondents most strongly supported wider coverage of spending categories under personalized rewards (3.41), while the lowest score was for rewards being tailored to individual spending habits (3.18). The intention to continue using the Axis Bank credit card recorded the highest satisfaction/loyalty-related score of 3.43. For overall usage behaviour, using the Axis Bank card as the primary mode of payment recorded the lowest mean of 3.05.

6.4 Awareness and Preferences

Approximately 73% of respondents were aware of Axis Bank cashback offers. Awareness of personalized reward programmes was lower, at about 60%, while a substantial group remained unsure. App notifications and SMS/email were the leading sources through which respondents learned about cashback and reward offers, followed by relationship managers. Reward points were the most preferred reward type, followed by cashback and discounts or vouchers. These findings indicate that customers value both direct monetary benefits and redeemable reward benefits.

6.5 Reliability and Normality

Test / Measure	Result	Interpretation
Cronbach's Alpha	0.986	Excellent internal consistency
Standardized Alpha	0.986	Excellent internal consistency
Number of Likert items	24	Measurement instrument
Sample size	135	Valid respondents
Kolmogorov–Smirnov	$p < 0.001$	Non-normal
Shapiro–Wilk	$p < 0.001$	Non-normal

Cronbach's Alpha of 0.986 indicates excellent internal consistency among the 24 questionnaire items. Both Kolmogorov–Smirnov and Shapiro–Wilk tests were significant at $p < 0.05$ for the construct scores, indicating that the data were not normally distributed. Accordingly, non-parametric procedures were appropriate for group comparisons and correlation analysis.

6.6 Group Difference Tests

Comparison	p-value	Decision at 5%
Age → Cashback Offers	0.813	Not significant
Age → Reward Personalization	0.378	Not significant
Education → Overall Usage	0.097	Not significant
Occupation → Overall Usage	0.197	Not significant
Income → Overall Usage	0.009	Significant
Gender → Cashback Offers	0.374	Not significant
Gender → Reward Personalization	0.228	Not significant
Gender → Satisfaction & Loyalty	0.124	Not significant

The results show that age did not significantly affect perceptions of cashback or reward personalization. Education and occupation did not significantly affect overall usage behaviour. Income was significantly associated with overall usage behaviour ($p = 0.009$). Gender differences were not significant for cashback offers, reward personalization or customer satisfaction and loyalty.

6.7 Correlation Analysis

Relationship	Spearman's rho	Interpretation
Cashback Offers ↔ Reward Personalization	0.865	Positive, significant
Cashback Offers ↔ Satisfaction & Loyalty	0.840	Positive, significant
Cashback Offers ↔ Usage Behavior	0.773	Positive, significant
Reward Personalization ↔ Satisfaction & Loyalty	0.840	Positive, significant
Reward Personalization ↔ Usage Behavior	0.769	Positive, significant
Satisfaction & Loyalty ↔ Usage Behavior	0.871	Positive, significant

All reported Spearman correlations were significant at the 0.01 level. The coefficients ranged from 0.769 to 0.871, demonstrating strong positive relationships among cashback offers, reward personalization, customer satisfaction and loyalty, and overall credit card usage behaviour. The strongest relationship with usage behaviour was observed for customer satisfaction and loyalty (rho = 0.871).

6.8 Regression Analysis

Model	Beta / R	R^2	t	Sig.	Conclusion
Cashback Offers → Usage Behavior	0.769	0.592	13.884	<0.001	Significant positive
Reward Personalization → Usage Behavior	0.778	0.605	14.261	<0.001	Significant positive
Cashback + Personalization + Satisfaction/Loyalty → Usage	0.873	0.762	—	<0.001 model	Significant overall model

The individual regression model shows that cashback offers significantly predict overall credit card usage behaviour, with $R^2 = 0.592$, meaning cashback explains 59.2% of the variation in usage behaviour. Reward personalization also significantly predicts usage behaviour, with $R^2 = 0.605$, explaining 60.5% of the variation. The multiple regression model containing cashback, reward personalization and customer satisfaction and loyalty explains 76.2% of the variation in overall usage behaviour ($R^2 = 0.762$; $F = 140.135$; $p < 0.001$). At the individual level in the multiple models, customer satisfaction and loyalty was the only statistically significant predictor (Beta = 0.756, $p < 0.001$), while cashback and reward personalization were not individually significant after their shared variance with satisfaction and loyalty was considered.

7. DISCUSSION

The results indicate that cashback and reward personalization are important components of the customer value proposition of Axis Bank credit cards. Customers moderately agreed that cashback encourages usage, that they actively look for cashback opportunities and that cashback influences their purchase choices. However, the relatively lower score for cashback matching expectations suggests that customers may expect greater value or more attractive cashback rates.

Reward personalization also showed a positive influence. Customers expressed interest in having more spending categories covered by personalized rewards and indicated that personalization can influence their continued use of Axis Bank cards. At the same time, the low score for rewards being tailored to individual spending habits indicates an opportunity to improve the precision and relevance of personalized offers.

Customer satisfaction and loyalty had the strongest relationship with overall usage behaviour and became the strongest individual predictor in the multiple regression model. This suggests that cashback and personalization are more effective when they contribute to a broader positive customer experience. In other words, rewards should not be treated only as short-term incentives; they should reinforce satisfaction, trust and loyalty.

8. MANAGERIAL IMPLICATIONS AND SUGGESTIONS

- Strengthen personalized cashback and reward programmed by aligning offers with individual spending categories and customer preferences.
- Simplify reward redemption and provide transparent information about eligibility, expiry, limits and redemption procedures.
- Improve customer awareness through app notifications, SMS, email and relationship-manager communication, since these were major information sources.
- Expand category-based cashback and rewards across commonly used categories such as shopping, fuel, dining, travel and online purchases.
- Use customer feedback regularly to review reward attractiveness, relevance and perceived value.
- Improve digital reward tracking so customers can easily monitor cashback, points, eligible transactions and redemption opportunities.
- Build trust around the use of customer spending data by communicating how personalization works and how customer information is protected.
- Use income and spending-profile segmentation when designing reward strategies because income was significantly associated with overall credit card usage behavior.
- Focus on customer satisfaction and loyalty as central outcomes, because satisfaction and loyalty showed the strongest relationship with overall usage behavior.
- Maintain competitive reward programmed while ensuring that benefits remain financially sustainable and clearly communicated.

9. CONCLUSION

The study concludes that cashback offers and reward personalization have a positive and meaningful relationship with customers' credit card usage behaviour at Axis Bank. Customers show a moderate level of agreement that cashback encourages

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usage, while personalized rewards create additional relevance and value. The correlation results demonstrate strong positive relationships among cashback, personalization, satisfaction and loyalty, and usage behaviour.

The regression results further confirm that cashback and reward personalization individually explain a substantial proportion of variation in usage behaviour. When cashback, personalization and satisfaction and loyalty are considered together, the model explains 76.2% of the variation in usage behaviour. Customer satisfaction and loyalty emerge as the strongest individual predictor in the combined model, showing that reward strategies are most effective when they translate into a satisfactory and trustworthy overall customer relationship.

Overall, Axis Bank can strengthen credit card engagement by making cashback and rewards more relevant, transparent, easy to redeem and aligned with customer spending patterns. Greater awareness, better digital communication, category-based benefits and continuous customer feedback can help convert positive reward perceptions into stronger and more sustained usage.

10. LIMITATIONS AND FUTURE RESEARCH

- The study is limited to Axis Bank credit card users and does not compare reward strategies across multiple banks.
- The sample consists of 135 respondents and uses a convenience-based approach; therefore, findings should not be generalized to all credit card users.
- The study relies on self-reported perceptions, which may be influenced by recent experiences, personal preferences and recall.
- The research focuses mainly on cashback, reward personalization, satisfaction, loyalty and usage behavior and does not cover every factor affecting credit card selection.
- Future studies can use larger probability samples and compare Axis Bank with other major credit card issuers.
- Future research may apply structural equation modelling, mediation analysis, segmentation or longitudinal designs to examine how reward personalization affects loyalty and usage over time.

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