

Evaluating the Credit Cards Performance Using the Continuous Improvement Technique and its Reflection on Sustainable Economic Development

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Abstract: Credit cards are the result of the great and accelerated development in the banking services field provided by international banks and for the purpose of developing the credit cards performance used in the Iraqi Banking Market, relying on one of the modern techniques in management accounting, which is the technique of continuous improvement in evaluating the credit cards performance in commercial banks and its reflection in achieving sustainable economic development. Therefore, the importance of research is evident through the credit card performance development in Iraqi Commercial Banks by using the continuous improvement technology and an indication of its impact on the development and growth of the banking sector in the Iraqi environment and its reflection on sustainable economic development. The research reached a set of recommendations, the most important of which was the need for commercial banks to direct their customers to increase dependence on credit cards by providing them with the best services while ensuring confidentiality and security.

I. Introduction

Commercial banks are important financial institutions in any economy and have a major impact on the investment and financing structure and the stability of financial and monetary conditions in the global economy. The role of commercial banks has evolved in providing distinguished banking services that keep pace with the economic growth in society; also credit cards are considered one of the important tools in commercial banks with a positive impact in the economic and social aspects of life that would contribute to achieving sustainable economic development.

The technology of continuous improvement has been applied in one of the Iraqi Commercial Banks to evaluate the credit cards performance, and to demonstrate its reflection in achieving sustainable economic development.

II The Research Methodology

2.1 Research problem:

The weak interest of commercial banks in the credit cards use in the banking sector and their lack of planning of continuous improve their performance and developing them to achieve sustainable economic development.

Therefore, the problem can be formulated with the following question:

(is it possible to use the continuous improvement technique in evaluating and developing the credit cards performance in commercial banks and its reflection in achieving sustainable economic development)?

2.2 The importance of research:

The importance of research in developing the credit cards performance in commercial banks through the use of continuous improvement technology and the impact of this on the development and growth of the banking sector in the Iraqi environment and achieving sustainable development.

2.3 The research aim:

The research aims to demonstrate how to use the continuous improvement techniques in developing the credit cards performance in commercial banks and its reflection in achieving sustainable economic development.

2.4 The research hypothesis:

The use of improvement technology contributes to evaluating the credit cards performance in commercial banks, and this is reflected in achieving sustainable economic development.

2.5 The research field and duration:

The research was applied in the International Development Bank for Investment and Finance as one of the important Iraqi Commercial Banks and was relied upon a data available in the year 2015 and 2016.

III The relationship between the continuous improvement techniques and the evaluation of the credit cards performance and their impact on sustainable economic development

Continuous improvement is a technique for constantly changing and developing all activities of the economic unit to improve performance, increase profitability and competitiveness in the global competition market and achieve strategic goals in survival, growth and continuity.

Continuous improvement depends on the work environment being the actual place of improvement and a source of information related to improvement in all areas where the technology of continuous improvement is based on: (Bartosikova, 2009: 8):

- 1- Improving everything can be improved, such as quality, costs and processes.
- 2- Continuous: nothing in the world is stable and everything is changing and evolving, such as markets, products, customer requests and services.

Through continuous improvement technique, a commitment is made to gradually make changes for the better, such as reducing quality costs, reducing waste, improving production processes and services, enhancing performance and the competitiveness of the economic unit.

Performance evaluation is an ongoing activity that reflects the ability of the economic unit to achieve its various goals by comparing the actual performance with the plan, identifying deviations and their causes by relying on a set of indicators and criteria, addressing weaknesses and strengthening good points to improve the performance level towards the best.

Credit cards are payment and cash withdrawal tools issued by various international banks that are not granted to companies and people who deal with them, and they have continuous bank accounts and a credit limit for the cards is determined depending on the bank account amounts and the history of credit card holders to enjoy their benefits. The credit card bearer have achieved a great deal of safety and security with ease of carrying, light weight and small size without needing many financial and banking transactions, moreover, it is considered the preferred tool for customers to maintain their money in local and global transactions and during travel and transportation and its distinctive effect in moving the market and increasing the economic growth rate and maintain sustainable economic development (Alzuhaily, 2004: 21).

The steps for applying the continuous improvement technique to credit cards in banks to evaluate their performance are as follows: (Goetsch & David, 1997, 49)

- 1- Planning, the customer needs in this step are determined by market forces and then translated into processes and procedures to provide the required credit cards and their types, while continuous improvement was made by providing and developing the credit cards characteristics required to achieve the customer needs and enhancing the banks competitiveness and increasing profits.
- 2- Control: in this step, feedback is obtained by the team and multitasking to ensure the services provided and for credit cards that meet the customer needs by comparing the actual performance with the scheme and then defining and analyzing deviations and trying to address them in the best possibly way.
- 3- Improvement: the aim of the improvement is to obtain a better performance by relying on a specialized work team that determines possible areas for improvement and providing the necessary capabilities for that, as well as maintaining the improvements that were previously achieved to ensure the bank remains in the bank competition market and enhance its competitive advantage.

The advantages achieved by credit cards to improve their performance procedures in banks are creating strong links between banks and society and provide good revenues for banks and are a way for the holders to obtain cash and a sense of social standing and a means of identification and personal proof, while the merchant is considered it as a way to increase their purchasing power and attract customers, reduce the risk of theft and keep large sums of their possession and give them the competitive advantage of their dealings and acceptance of the credit cards use.

IV The use of continuous improvement techniques in evaluating the credit cards performance in the International Development Bank for Investment and Finance

The International Development Bank for Investment and Finance is one of the important and good commercial banks in Iraq, with a capital of 250 billion Iraqi Dinars and has provided a good model in banking work in all fields since its

founding in 2011 and the bank adopts modern and internationally used banking technologies to serve customers, keep pace with development and apply professional standards to achieve sustainable development.

The credit cards issued by the bank are represented by four credit cards issued by the Arab Information Technology Company with different credit limits and according to the nature of each card use and the goals of its use in the banking market as shown in table (1), which represents credit limits for the bank credit cards.

Table (1): credit limits for Iraqi Development Bank credit cards

Company name	Credit card type	Credit Limits	
		Minimum limit	Upper limit
Arab Information Technology Company	Prepaid master card	50\$	10000\$
Arab Information Technology Company	Gold master card	5000\$	10000\$
Arab Information Technology Company	Classic master card	500\$	2000\$
Arab Information Technology Company	Platinum master card	15000\$	20000\$

(Prepared by the researcher based on bank data)

The procedures for credit cards continuous improvement in the International Development Bank for Investment includes the following paragraphs:

First: continuous improvement of the credit cards number used in the bank: to conduct the process of credit cards continuous improvement in the International Development Bank depends on the multidisciplinary work team which they relied upon that made statistics on used cards during the year 2015 and study the market and customers and the goal of improvement also the possibility of achieving it in a whole year, then, rely on the following steps to conduct continuous improvement as shown in table (2), which represents the continuous improvement of credit cards used in the International Development Bank, as follows:

- 1- Planning: planning is to increase the used credit cards number depending on the provision of appropriate internal and external conditions for the International Development Bank and problem solving at the planning stage to provide the appropriate procedures for continuous improvement. Therefore, planning was undertaken by the specialized team of continuous improvement.
- 2- Control: control is done by comparing the actual results of the credit card number in 2016 with the planned continuous improvement and finding deviation for the purpose of processing and analyzing it for the benefit of the bank.

When comparing credit cards of all kinds, they found the following:

- a- Prepaid master card: the number of cards used in the year 2015 was 300 credit cards, and the team working on continuous improvement has set the goal of continuous improvement 800% to become the planned number 2700 cards, while the actual cards were more than planned, which is 3700 cards, to form an increase from the planned number of 1000 cards, which is in the bank interest due to the increase in its activity and the customers desire on this type of cards.
- b- Gold MasterCard: the number of cards used in the year 2015 was 12 cards, and the team has set the continuous improvement goal 50%, so that the target number in 2016 is 18 cards, while the actual 20 cards were to be in excess of the planned 2 cards and it is in the company interest despite the recession in the market and the economic conditions in the banking market in the credit cards field.
- c- Classic MasterCard: the used cards in the year 2015 were 4 cards and the goal of improvement was set 100% to become 8 cards in the year 2016, while the actual cards were 20 cards to be in excess of the planned 2 cards. It is in the company interest despite in the market and the economic conditions in the banking market in the credit cards field due to the lack of awareness of citizens in it.
- d- Platinum MasterCard: the number of credit cards in the year 2015 was 2 cards, and the specialized team determined the continuous improvement by 100% to make the number of planned cards was 4, while the actual cards in the year 2016 were 5 cards and the increase over the planned is one card and it is in the interest of the bank despite the weak culture of the customers and their limited use of these types of cards.
- 3- Improvement: after the deviations were identified and its analysis and reasons were identified in the Development Bank, for the number of credit cards used in the bank with its different types. It became evident that the bank had improved its performance better than expected by the specialized work team. The bank has made big efforts to attract customers and keep pace with developments in the banking information technology field, expansion and development to contribute to sustainable economic development in the banking market.

Table 2: continuous improvement of credit cards used in the International Development Bank.

	statement	1 the number of cards used in a year 2015	2 optimization goal ratio	The target number for improvement	The total number of cards targeted planned 2016	Actual cards 2016	deviation	Deviation rate %
1	Prepaid master card	300	800%	2400	2700	3700	1000	37%
2	Gold master card	12	50%	6	18	20	2	25%
3	Classic master card	4	100%	4	8	10	2	25%
4	Platinum master card	2	100%	2	4	5	1	25%

Source: (prepared by the researcher)

Second: the continuous improvement of credit card revenues:

Continuous improvement of credit cards revenue was made by the specialized team based on the following steps, as shown in table (3), which represents the continuous improvement of credit card revenue:

- 1- Planning: the banking market has been studied and the appropriate internal and external conditions have been created in the bank and to solve some problems that limit the developing process of credit card revenue. A continuous improvement process has been made at the rate estimated by the team and according to each type of credit card shown in table 3.
- 2- Control: the control process is carried out by comparing the actual results of credit card revenues in 2016 with what was planned through the continuous improvement process, finding deviation, analyzing and then processing it for the banks benefit.
 - a- Prepaid master card: the revenue of master cards for this type was \$25500 during the year 2015 and the workforce plans to increase the percentage of its revenue by 800% due to the large demand for this type of credit card, so that the planned revenue will be \$229500 while the actual was \$240000 in excess of the scheme by 10500 because of the good turnout and quality of services provided by the bank.
 - b- Gold master card: the team for continuous improvement set the rate of increase for continuous improvement was 50% for the year 2015, so that the target revenue was 1785, while the actual revenue was \$2500 to determine an appropriate deviation of \$715 but that did not meet the banks ambitions, and the demand for this type of credit cards were still weak due to the nature of the banking market in Iraq.
 - c- Classic master card: the dedicated team of continuous improvement has set the goal of 100% improvement over the 2015 revenue, so the planned revenue will be \$840, while the actual revenue for 2016 was \$850, to be an appropriate deviation of \$10 and this does not meet their ambition, but this is the nature of the banking market and the weak overall demand for this type of card in the banking market.
 - d- Platinum master card: the revenue of these cards were \$170 in the year 2014, and the work team set the goal of improvement by 100%, so that the planned amount was \$340 for the year 2016, while the actual amount was \$425, to be an appropriate deviation of \$85 due to the increase in the banking activity, although this increase does not meet the banks ambition.
- 3- The improvement: after the deviations were determined for the income of the various credit cards in the bank, knowing their causes and analyzing it. It was revealed that the bank had improved performance better than it had planned, which indicates the banks success in increasing its various incomes from credit cards, and its ability to get the development in the contemporary banking services field, gain their confidence and contribute effectively to sustainable economic development in the banking market.

Table (3): continuous improvement of credit card revenues in the Development Bank (amounts in dollar)

	statement	(1) Credit card revenue for the year 2015	(2) Optimization goal ratio	(1x2=3) Revenue of the targeted improvement	(1+3=4) Planned revenue for the year 2016	(5) Actual income of credit cards	(6) deviation	(7) Ratio%
1	Prepaid master card	25500	800%	204000	229500	240000	10500	415%
2	Gold master card	1190	50%	595	1785	2500	715	40%

3	Classic master card	420	100%	420	840	850	10	1%
4	Platinum master card	170	100%	170	340	425	85	25%

Source: (prepared by the researcher)

Third: the continuous improvement of credit card profits:

The total planned profit for the year 2016 has been determined by subtracting the costs of the credit cards from their planned revenues from the continuous improvement process as shown in table (4), which represents the total planned profit in light of the continuous improvement, as prepaid MasterCard achieved the largest gross profit.

Table (4): the gross profit planned in light of the continuous improvement of credit cards.

statement	Planned credit card revenues	Planned credit card costs	Total planned profit
1-prepaid master card	22950	20000	149500
2-gold master card	1785	500	1285
3-classic master card	840	200	640
4-platinum master card	340	100	240
total	132465	80800	151665

Source: (the researcher prepares based on bank statements)

Whereas the total actual realized for the year 2016 for credit cards was greater than what was planned by the work team specialized in continuous improvement as shown in table (5), which represents the total realized profit for the year 2016 for credit cards.

Table (5): total credit card profit for the year 2016.

statement	Actual credit card revenues	Actual credit card costs	Gross profit
1-prepaid master card	240000	80000	160000
2-gold master card	2500	500	2000
3-classic master card	850	200	650
4-platinum master card	425	100	325
total	243775	80800	162975

When we compare the overall planned profit as a result of continuous improvement and the total actual realized profit, we find an increase in the profits of the bank for all types of credit cards compared to what was planned by the continuous improvement process team, and this indicates the ability of the bank to develop its earning capabilities in the credit cards field, develop the size of its activity, accommodate the largest number of customers, and enhance its competitive capabilities in the future. Table (6) shows a comparison of the overall planned profit as a result of continuous improvement and the actual realized profit.

Table (6): comparing actual gross profit with total planned profit from continuous improvement.

statement	Gross profit	Overall profit gain for continuous improvement	The increase
1-prepaid master card	160000	149500	10500
2-gold master card	2000	1285	715
3-classic master card	650	640	10
4-platinum master card	325	240	85
Total	162975	151665	11310

The benefits accrued from the issuance and use of credit cards in the International Development Bank for Investment and Transfer are countless, and profits are not the only goal achieved from their use, but there are many indirect goals achieved from the use of credit cards, which brings to the bank great benefits, including the ease of carrying and withdrawing the required amounts quickly, which enhances the customers confidence to deposit good funds in the bank every year, the bank invest in its various activities to serve its objectives in the market and achieve profits and sustainable economic development in the banking businesses field by using all developments and changes in the contemporary business environment and investing them in providing various banking services to customers.

Accordingly, the use of continuous improvement technology contributes to evaluating the credit cards performance and their development and growth directly through increasing the achieved profits and indirectly through the credit cards impact in increasing the size of the various activities of the bank and enhancing its competitive capabilities and this proves the research hypothesis.

V Discussion

- 1- Credit cards are considered one of the most important activities in commercial banks and a developed way of electronic transactions in the contemporary business environment.
- 2- The technique of continuous improvement depends on the continuous efforts to change and constantly develop for the better to evaluate the commercial banks performance in general and credit cards in particular to achieve the commercial banks goals to stay, continue and grow, also achieve sustainable economic development.
- 3- The International Development Bank for Investment and Finance has achieved good successes in the field of using credit cards when it applied continuous improvement technology, which led to obtaining a good market share in the field of credit cards.

VI Conclusion & Recommendation

- 1- The need for commercial banks to direct their customers to use credit cards by evaluating many distinct services and activating them, along with the need to provide confidentiality and security for customers using credit cards.
- 2- Increasing reliance on modern techniques in manage accounting in developing the commercial banks performance in general and continuous improvement technique in particular to develop the credit card performance because customers' needs and expectations change over time in the modern contemporary business environment and achieve sustainable economic development in the Iraqi environment.
- 3- The bank needs to continue in evaluating the credit cards performance by using the continuous improvement technique and make training courses for the employees to keep in developments related to services provided by credit cards so that they can be applied in an ease manner to achieve the bank goals.

Sources:

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