THINK INDIA JOURNAL

ISSN:0971-1260
Vol-22- Issue-14-December-2019

A Study On Perception Of Consumers Towards Plastic Money

Manik Jindal
Assistant Professor
Guru Nanak College Killianwali
manik.jindal02@gmail.com

Abstract

Technology has changed all the sectors including financial sector. Also the various transactions in the banking system have undergone a drastic change. The old concept of making payments are being replaced by debit and credit cards called 'Plastic Money'. There are various factors influencing the use of plastic cards. This paper attempts to study the consumer perception and their attitude towards the use of plastic money by collecting necessary data from 150 respondents using questionnaire.

Introduction

Plastic money is a replacing the traditional concept of paying though cash. It includes credit cards, debit cards, pre paid balance cards, smart cards etc. In our study, we are typically focusing only on credit cards and debit cards in order to find out the effectiveness of such cards in real life and how consumers perceive them. In India, as in other countries around the globe, an organized mode of payment has emerged over time from the barter system to the more intricate forms of monetary arrangements. It has moved from being a physical paper-based transfer of value to a electronic one. Usage of plastic money has come as a form of amenity to financial institution customers. Electronic service is becoming a feasible option for dealings between financial service providers and their clients. This electronic form of payment has far reaching significance. Primarily, it helps aligning with the global financial services business by making the systems more competent and cost effective. It also supports in undertaking the unique challenges which are faced in India. Plastic money yields many more benefits than merely facilitating the replacement of cash and cheques for consumer transactions. Factors affecting the consumer perception towards the plastic money are discussed. The term 'Plastic Money' is predominantly used in reference to the hard plastic cards we use in place of cash. Today, transactions done using plastic cards are worth billions of dollar. And the recent experiment of demonetization has certainly given more momentum to cashless transactions.

Advantages of Plastic Money

- Cards fit into the wallet easily
- Decrease in crime rates
- Provides credit facility
- Tracking transactions becomes easy
- Convenience of making payments from home
- International acceptability

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Disadvantages of Plastic money

- Just plastic money do not always help
- Plastic Money is also not 100% safe
- Minimum purchase requirements in certain category of cards
- Interest, for non payment on time

Types of Plastic Money

The forms of plastic money which are most commonly used are:

- **Credit cards**

Credit cards are the most popular form of plastic money. Although credit cards have evolved over the years, the basics remain the same. You get a plastic card which is linked to a credit card account. You can draw as much as your credit limit which is fixed based on your payment capabilities. You will be given a certain number of interest-free days during which you can pay whatever you have charged on your card in full or partially. If you don’t pay fully, get ready to pay credit card interest.

- **Debit cards**

Debit cards are always linked to the bank account of the customer who owns it. Whenever you use your debit card, an equivalent amount is deducted from your bank account. It is an ideal substitute for cash. Your cash sits comfortably in a bank account earning interest and you can still access it anywhere. In India, debit cards are synonymous with ATM Card though later only allows for withdrawal of cash from ATM. But Debit cards, while can be used for instant withdrawal of cash of course, their purpose goes far beyond. You can also use it for payment, money transfer and checking the balance. But as it is linked to an account, you can spend only as much as you hold in your account.

Review of Literature

- Hogarth (2002) explains consumer complaint resolution and the elasticity of the credit card market. Many people have knowledge about credit cards, but do not possess credit cards because of the fear of falling into debt trap. High income earners and highly educated class use credit cards more by availing high credit limits.
- Brooker (2004) examines the creation of the credit card how it has revolutionized American business. The author points out the impact of credit cards in modern day business such as FedEx Wal-Mart and eBay.

Objectives of the study

- To analyze the factors influencing the usage of plastic money.
- To assess the problems and reasons for non usage of plastic money.
- To know the satisfaction level of customers in the usage of plastic money.

Research Methodology

Methodology used in this paper is mainly primary. Necessary data was collected from 150 respondents using questionnaire.

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Findings

Table 1: Analysis of data collected from 150 respondents

PARTICULARS	No. OF CONSUMERS	PERCENTAGE
Area of Residence		
Urban	93	62
Rural	57	38
Gender		
Male	106	71
Female	44	29
Age		
Below 20 years	46	31
21-30 years	53	35
31-40 years	31	21
40 & Above	20	13
Qualification		
Under Graduate	50	33
Graduate	72	48
Post Graduate & Above	28	19
Occupation		
Student	58	39
Agriculturist	16	11
Business	29	18
Employee	24	16
Professional	19	13
Others	04	03
Monthly Income		
Less than 40,000	98	65
40,000-80,000	39	26
Above 80,000	13	09
Source of Information		
Newspapers	26	17
T.V.	30	20
Dealers	55	37
Friends & Relatives	32	21
Others	07	05
Which type of Card you use?		
Debit Cards	51	34
Credit Cards	22	15
Both	56	37

ISSN:0971-1260
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None	21	14
Frequency of Usage of Plastic Money		
Almost Daily	11	08
5-10 times in a Month	68	45
Less than 5 times	32	21
Never used	39	26
Factor influencing usage of Plastic Money (Only for those Respondents who use)*		
No fear of theft of money	44	40
Convenience in carrying	59	53
No wear and tear	05	04
Other reasons	03	03
Reasons for not supporting Plastic Money(Only for Respondents who do not use)*		
Feeling of misuse by others	16	41
Lack of knowledge	12	31
Lack of trust	05	13
Other reasons	06	15
Satisfaction Level (Only for those Respondents who use)*		
High Satisfaction	74	67
Average Satisfaction	26	23
Low Satisfaction	11	10

The above table reveals the following:

- Most (62%) of the respondents are urban.
- Most (71%) of the respondents are males.
- Most (35%) of the respondents belong to the age group of 21-30 years.
- Most (48%) of the respondents are graduates.
- Most (39%) of the respondents are students.
- 65% of the respondents belong to income group of less than Rs.40,000.
- Source of information about plastic money is 'Dealer' for 37% of the respondents.
- 37% of the respondents use both debit as well as credit cards.
- 45% of the respondents use plastic money 5-10 times in a month.
- Most of the respondents using plastic money believe that the factor influencing them to use plastic money is the convenience in carrying the cards everywhere.
- The main reason for not using plastic money has come out to be the feeling that their cards could be misused by others.
- Most (67%) of the respondents using plastic money are highly satisfied.

Conclusion

Like every coin has two sides, plastic money has its own advantages and disadvantages. Security of transactions is a major concern for people which is hindering to get more inclined towards plastic money. Thus government needs to take steps to build better and safer

ISSN:0971-1260
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payment gateways with high security programmed software. Banks should also educate people through awareness programs by educating about the uses of plastic money.

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