

## A Study of Consumer’s Expenditure Behavior and Its Significance for Using Plastic Money

**Dr. Khillare S.K<sup>1</sup> Mr. Limbore N. V.<sup>2</sup>**

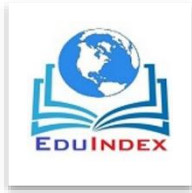
**Research Guide<sup>1</sup>**, Associate Professor, Head of commerce department, Mahatma  
Gandhi Mahavidyalaya, Ahmadpur, Dist- Latur, India

**Research Scholar<sup>2</sup>**, Assistant Professor, SVPM’s College of Comm., Sci., & Comp. Edu.  
Malegaon (Bk.) Dist-Pune. India,

### **ABSTRACT:**

*Plastic money plays an important role to apparent to the cash or the equivalent to ‘money’.The project report examines the perceptions of consumers towards the plastic money and its impact according to the spending pattern if consumers. This study is conducted among the various bank customers, having different age in all over the Globe. A sample of 212 customers has been taken from all worldwide.Chi-squaretest has been used to analyze the data. The analysis reveals that majority of the customers have the opinion that using of plastic money has a high impact on their spending pattern. The analysis was done to find out why consumer prefers plastic money and the main reason for whichplastic moneyhas a high impact on consumer spending pattern. Plastic money made revolution in the banking industry across the world. Plastic money has many advantages when compare to paper money, but the convenience of plastic money makes it easy to spend beyond means. Plastic money is a good system but if you are not managing your plastic cards in a proper way that will lead to overspending, financial burdens, and financial stress.*

Keywords: plastic money, plastic money users, overspending.



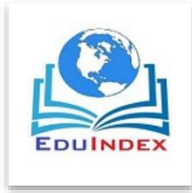
## **1. INTRODUCTION:**

Money is another significant factor to live life. How did all start, in history we might have learnt barter system where goods are exchanged with other goods and services instead of money. Then gold and silver coins came into existence, and then we modernize and started using coins and paper notes for transactions. After some time we got more modernize and for various reasons we started to using technology to transfer money for goods and services. Now we can say that technology here means plastic money, means it can be debit or credit card, petro card, store card, etc.

Plastic cards, or polymer card are made out of plastic. It is the easier and new of paying for goods and services which you bought. What is mean plastic money? -It is the best-known way of payment in this era.

### **1.1 MEANING OF PLASTIC MONEY:**

Every kind of debit cards, petro cards, prepaid cash cards, credit cards, and store cards, forex cards which use in place of bank note or as actual currency for promoting digital transaction is known as plastic money or plastic currency. This currency is made out of plastic or polymer form. This plastic money lasting in nature and highly durable. It can't be easily destroyed. On such card there is a description of character or special feature which is encrypted in latest electronically and magnetic pattern. In other words the term plastic money is used primarily with related to the tangible plastic cards which are utilized by us frequently instead of real currency notes. Plastic currency is much more suitable to carry as we don't have to carry large amount of cash for purchase with us and equally much safer to convey it or to journey with it. In the event thief by someone, one can ask



the bank and can get it blocked to save your money from getting stolen. In short it limiting the risk of handling a large amount of cash.

### **1.2 SOME DEFINITIONS OF PLASTIC MONEY:**

“Plastic money is a term that is used in reference to the hard plastic cards we use every day in place of actual bank notes, different forms such as debit card, credit card, store card, prepaid cash card, etc.”

According to the Cambridge Business English Dictionary, “A credit card or other card that can be used to pay for things or get money from the bank”

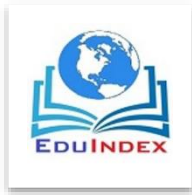
“Plastic currency or plastic money it is a term increasingly being used to refer to all forms of credit cards, debit cards, retailer cards, diner cards and other types of plastic cards which we use daily instead of actual currency notes.”

### **1.3 TYPES OF PLASTIC MONEY:**

There is different types of plastic money options are available in the market. The different kinds of plastic money are Debit Card, Credit Card, Charge Card, Customer Card/ Store Card, Prepaid Card/ Gift Card, Petro Card etc.

### **LITERATURE REVIEW**

1. Rajesh Kumar “Concept of Plastic Money and Consumers Perception Towards it”, DR IT Institute of Management And Technology, BANUR 2008-2011 said that many of the bank customer or respondents are aware about plastic money through various Media and friends/relatives. Above are the main sources to know about the plastic money provided by various banks? When the bank customer opens account in a bank they always want the facility of plastic money. Most of the bank customers have debit and credit card also and

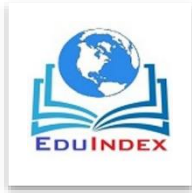


they have it for the handling solutions and fast transaction. Almost the bank customers use the plastic card on weekly basis for cash withdrawal and for shopping purpose because according to them plastic money is much safer than carrying money in Pocket. Many of them are agreed on the point of the next generation is “No Currency but Plastic Money” and their opinion related the plastic money is quite good to promote it for the future.

2. Mandeepkaur and Kamaldeepkaur (2008), in their article, “development of plastic card market: past, present and future scenario in Indian banks” said that, the challenge of information technology is widely accepted by Indian banks because they understand that it is essential to their survival. In this research paper researcher gives the overview of the development in banking sector because of plastic money. The study also shed light on the role of this plastic card as they are part of electronic payment tool used by consumers. So this card replaces the usage of paper money and cash. The main reason behind these customers shows the preference towards the plastic money over hard cash.

3. Dr. Jaishu Antony (2018), in his article, “A study on the impact of plastic money on consumer spending pattern” in global journal of management and business research: G interdisciplinary concludes that, the perception of consumers towards the “impact of plastic money on their spending pattern” where he conducted his study in UAE. The analysis reveals that most of the customers are having opinion that the usage of plastic money greatly impacts on their spending pattern. So that they are struggling to manage their money. The analysis is done to find out why customers prefer plastic money still they are struggling to manage their expenses. And the reason behind this is their handling convenience.

4. P. Manivannan (2013) he said in his research paper namely “plastic money a way for cashless payment system” that, usage of credit cards are treated as luxury, and it is also needed sometimes. These means of plastic money like debit cards and credit cards was



used by higher income group. But now a days this facility is not only restricted to high income group or only people who lives in urban area but also for poor people or for people who lives in rural area. However, today due the growth of trading and banking activity, fixed income group also started to use electronic payment system and plastic money.

5. Anupama Sharma in her research article, “plastic cards frauds and the countermeasures: towards a safer payment mechanism” highlights the number of frauds increasing day by day due usage of plastic money. In case of fraud the most affected party is cardholder because he lost his money and there is less chances to recover the same due to the mastermind thief.

## **RESEARCH METHODOLOGY**

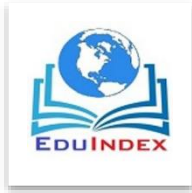
### **3.1 Research Design**

To conduct the study researcher used here descriptive research method. It is describe the feature of a population or phenomenon which will be study in the given article. It is also determines and describe the way things are. Descriptive research help to investigating a variety of problems as well as it is used to influence opinion.

### **3.2 SAMPLE TECHNIQUE:**

Researcher used here convenience sampling. It is also known as accidental sampling or grabs sampling or opportunity sampling. In this non probability sample technique researcher choose samples as per his/her convenient accessibility of samples. This sampling method includes getting samples (participants) from wherever you can find them and typically wherever is convenient.

### **3.3 SAMPLE SIZE:**



The researcher has chosen to study 212 samples.

### 3.4 DATA COLLECTION TECHNIQUE

Here, researcher used primary data which is collected from the various people by sharing those Google forms and collecting their response from it as well as secondary data which is collected from internet, for the purpose of study. Secondary data are pieces of information that have already been collected for a different purpose, but may be relevant to the research problems at hand.

### 3.5 HYPOTHESES

1. There is significant relationship between plastic money users and expenditure behavior of respondent.
2. There is significant relationship between reasons for using plastic money and its frequency and expenditure behavior of respondent.

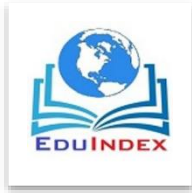
### 3.6 OBJECTIVES OF THE STUDY

1. To study the consciousness of the consumers regarding plastic money.
2. To understand the reasons behind why consumer choose plastic money.
3. To study the consumer’s opinion about plastic card.
4. To understand how consumer’s expenditurebehavior and its significance for using plastic money.

### DATA ANALYSIS AND INTERPRETATION

Table No. 1

<b>Reliability Statistics</b>	
Cronbach's Alpha	N of Items



.791	22
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### Interpretation:

The Cronbach's alpha is greater than the 0.7 then the given data shows the good reliability and it is statistically accepted. Here researcher observed that the Cronbach's alpha value is 0.791 which is greater than statistically accepted level. So it is good reliability of the given dataset and shows the good internal correlation.

### Chi-Square Test

#### Statistical Hypothesis 1

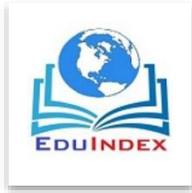
**Ho:** There is no significant relationship between reasons for using plastic money and to see the next generation as no currency but plastic money.

#### Against

**H1:** There is significant relationship between reasons for using plastic money and to see the next generation as no currency but plastic money.

#### P- Value Table

Sr. No.	Reasons	P- Value
1.	Less responsibility of carry	0.006817258410
2.	More durable	0.000934339321
3.	Easy availability cash	0.732469203469
4.	Less time consuming	0.411203018590
5.	Accountability of spending	0.082350782926
6.	Budget discipline	0.000000043605
7.	Lower risk	0.341022132508



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8.	Small gains	0.000000225458
9.	To get discount	0.000000000152

**Decision Criteria**

The chi-square test is for testing the null hypothesis, which states that there is no significant relationship between the expected and observed result. If P-value is less than or equal to the level of significance i.e. alpha is less than or equal to 0.05 then researcher may reject the null hypothesis i.e.  $H_0$ . Otherwise researcher may accept the alternative hypothesis  $H_1$ .

**Interpretation**

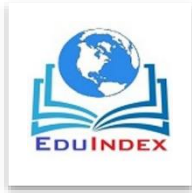
In the above table of P-Values, researcher noticed that Less responsibility of carry, More durable, Budget discipline, Small gains and To get discount; the P-Values are less than the smallest level of significance i.e. 0.05 so that researcher may reject the null hypothesis  $H_0$  and **accept the alternative hypothesis  $H_1$ .**

It means that, there is significant relationship between reasons for using plastic money and to see the next generation as no currency but plastic money.

Also researcher observed that Easy availability cash, less time consuming, Accountability of spending and Lower risk; the P-Values are greater than the smallest level of significance i.e. 0.05 so that researcher may reject the alternative hypothesis  $H_1$  and **accept the Null hypothesis  $H_0$ .**

It means that, there is no significant relationship between reasons for using plastic money and to see the next generation as no currency but plastic money.

**Statistical Hypothesis 2**



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**H<sub>0</sub>:** There is no significant relationship between plastic money users and expenditure behavior of respondent.

**Against**

**H<sub>1</sub>:** There is significant relationship between plastic money users and expenditure behavior of respondent.

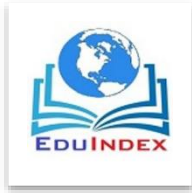
**P- Value Table**

Sr. No.	Type of expenditure behavior	P- Value
1.	Money saving habit	0.000223944066
2.	Advance planning and kept money aside regularly for paying large bills	0.009079350047
3.	Use existing cash resources	0.164614320355
4.	Borrow the money or make purchases through plastic money	0.347176175201
5.	Pay in installments / EMI	0.066846616760
6.	Don't purchase	0.000000000000

**Decision Criteria**

The chi-square test is for testing the null hypothesis, which states that there is no significant relationship between the expected and observed result. If P-value is less than or equal to the level of significance i.e. alpha is less than or equal to 0.05 then researcher may reject the null hypothesis i.e. H<sub>0</sub>. Otherwise researcher may accept the alternative hypothesis H<sub>1</sub>.

**Interpretation**



In the above table of P-Values, researcher noticed that Money saving habit, Advance planning and kept money aside regularly for paying large bills and don't purchase; the P-Values are less than the smallest level of significance i.e. 0.05 so that researcher may reject the null hypothesis  $H_0$  and **accept the alternative hypothesis  $H_1$** .

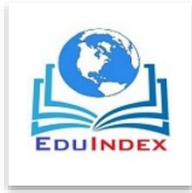
It means that, there is significant relationship between plastic money users and expenditure behavior of respondent.

Also researcher observed that Use existing cash resources, Borrow the money or make purchases through plastic money and Pay in installments / EMI; the P-Values are greater than the smallest level of significance i.e. 0.05 so that researcher may reject the alternative hypothesis  $H_1$  and **accept the Null hypothesis  $H_0$** .

It means that, there is no significant relationship between plastic money users and expenditure behavior of respondent.

### **3.1 Findings of the Study**

1. It is found that plastic money is most used by age group 25-40 years.
2. It is found that almost 46% respondents have mid income level group that is 1 to 5 Lac.
3. It is found that more than 80% respondents said that at the time of opening bank account they would prefer plastic money facility.
4. It is found that 50% respondents are using plastic money on weekly basis.
5. It is found that 134 respondents among 212 are thinks that plastic money is more durable than actual currency notes.
6. It is found that almost 132 respondents among 212 are agree on that at the time of purchasing respondents, prefer Advance planning and kept money aside regularly for paying large bills.



## **5.2 Conclusion of the Study**

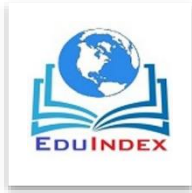
After the studying of plastic money and its significance for spending money, I have come to know that, Plastic money made a huge revolution in the all sector across the globe. Plastic money has so many advantages as compared to actual money. Plastic money is less risky to carry, much safer and convenient than hard cash.

Less responsibility of carry, More durable, Budget discipline, Small gains and To get discount the P-Values are shows that strong connection between reasons for using plastic money and why the next generation will see as no currency but plastic money. And remaining four factors i.e., easy availability cash, less time consuming, Accountability of spending and Lower risk are shows that there is not that much strong connection between reasons for using plastic money and why the next generation will see as no currency but plastic money.

Money saving habit, Advance planning and kept money aside regularly for paying large bills and don't purchase the P-Values shows the strong relation between usage of plastic money and its expenditure behavior of customer. And remaining three factors i.e., use existing cash resources, Borrow the money or make purchases through plastic money and Pay in installments / EMI are don't have that much relation between usage of plastic money and its expenditure behavior of customer.

## **5.3 Suggestion of the Study**

1. It is suggested that, People should use more and more plastic money's Form because study shows that positive impact of it. But, if you don't manage your plastic cards in proper way then it will results in overspending, financial stress, and financial burdens too. Hence it is suggested that if you are bad at managing your money while spending



through plastic cards then you have to be very careful at the time of spending so that overspending can be controlled.

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