

## **AN ANALYSIS OF THE USE OF PLASTIC MONEY IN INDIA**

**Miss. Ishrat Mohammad Ali Sange**

### **Abstract**

This abstract presents an analysis of the adoption and impact of plastic money in India, focusing on credit and debit cards as well as mobile wallets. Plastic money, which includes cards and digital payment methods, has seen a significant rise in usage across various sectors of the Indian economy. The study examines the drivers behind this trend, challenges faced, and the overall implications for consumers, businesses, and the economy. Key points from the analysis include:

**Rise in Digital Transactions:** The analysis highlights the substantial increase in digital transactions facilitated by plastic money in India. Factors such as government initiatives like Digital India and demonetization have accelerated this shift towards cashless transactions.

**Convenience and Accessibility:** Plastic money offers convenience and accessibility, allowing users to make transactions anytime, anywhere. This has been particularly beneficial in urban areas where the adoption of digital payment methods is widespread.

**Financial Inclusion:** The study delves into how plastic money has contributed to financial inclusion in India. With the expansion of banking services and the availability of no-frills bank accounts, even those in rural areas are gaining access to digital payments.

**Security Concerns:** Despite the benefits, security concerns regarding plastic money remain a significant challenge. The analysis discusses issues such as fraud, data breaches, and the need for robust cyber security measures to safeguard user information.

**Impact on Businesses:** Plastic money has had a transformative impact on businesses, especially small and medium enterprises (SMEs). The study explores how accepting digital payments has improved business efficiency, reduced the reliance on cash, and opened new avenues for revenue generation.

**Policy Implications:** Lastly, the analysis touches upon the policy implications of the widespread use of plastic money. In conclusion, the analysis provides a comprehensive overview of the use of plastic money in India, highlighting its benefits, challenges, and broader implications. The findings suggest that while plastic money has undoubtedly transformed the payment landscape, addressing security concerns and ensuring equitable access will be crucial for its continued success in fostering a more inclusive and efficient economy. Please feel free to adjust or expand upon this abstract according to your needs!

### **Introduction**

Indian economy has prospered with the approach of Liberalization, Privatization and Globalization. Managing an account segment isn't an exemption as well. These changes have introduced a test before Indian managing an account with the pace of high technology. Be that as it may, insignificant technology up degree or re-presentation of formulates items that cannot augment the situation until the point that clients don't react to it decidedly.

“It turns out to be exceptionally important for the banks to offer the managements or items while thinking about the customer's needs, inclinations, recognitions and accommodation”

In addition, the bank management is not simply restricted to its branch customer as it were. The client is presently regarded as a client of banks in general, which implies that he is currently equipped to get a charge out of offices, for example, anyplace, whenever saving money (Kamesam, 2003).

This idea has empowered the financiers to build up long haul organization with their clients. Thus, Electronic managing an account is the new pattern essentially received by saving money division worldwide because of its more extensive degree for the clients and banks on the loose. Different complex items have been propelled by the banks which help them to meet the fundamental needs of their clients. With the passage of educated private segment banks and remote banks, the focused condition has begun winning in managing an account segment as well. Most likely, public division banks have an expansive system of customary branches to approach their clients when contrasted with the private and remote players. In any case, with the assistance of data technology, it has now turned out to be workable for banks to convey items and managements effectively and to enhance client base exclusive of new branches. Thus, these new private and remote players are attempting to contend with them based on appropriation of new mechanical managements like plastic cards, EFT (Electronic Funds Transfer), management of computer accessories, Internet keeping money and so forth to approach the most extreme clients despite have few branches (Venkatesan and Kumar, 2007). Due to this cause, an open segment a bank is an additionally liable to electronic managing an account, which at last leads the whole keeping money division to the momentous change concerning its effectiveness, client managements, efficiency, benefit and so forth. Along these lines, Banks are presently reengineering how their managements can be come to

their clients by getting adaptability in their "conveyance channels- De Sarkar 2001".

## Statement of Problem

Banking in India is now seen as a commercial business, where in customers are given the opportunities to choose a particular bank to satisfy their needs. Each bank is striving hard to attract customers in its stride. This is now a matter of competitive necessity, as banks which offer common products and services attract the customers, by reducing the procedural formalities, promising speedy delivery, customization in service delivery, opening more branches, providing core banking facilities and e-transferring. Online banking allows people access all their accounts through a secure bank created website. Depending on the services chosen, a customer may simply be able to view the day-to-day activity of every account they have with the bank. Another convenient service is that it lets people transfer funds either between accounts or from electronic transactions. To meet the new challenges, the banking industry must adopt modern technology techniques.

In modern days a plastic money service is of greater utility to society in all ways and means. It gives benefits to the customer, and it creates competition among bankers. As the use of Plastic Money is increasing day-by-day, it is important to study the customer preference towards use of Plastic Money in India.

## Review of Literature

Anoushka Sharma, Syed Fazal Karim and Vipul Jain (2015), "An Evaluation of Consumer Perception and Attitude towards the Usage of Plastic Money in India", the study has clearly highlighted the advantage of instant transaction as one of the major factors favoring the use of plastic money over real money by the population today. It has already been highlighted by the study of existing literature that convenience of not carrying cash and ease of transaction is one of the major psychologically influencing factors that encourage the use of plastic money instead of real money. Additionally, the results of the study have also stressed upon the convenience and ease of use while paying or shopping by plastic money. The saving of time and the fact that plastic money seems to be more portable also seems to further the cause of a possible change in the scenario of money usage in the economy.

Dr. Jaideo Lanjewar (2015), "Changing Attitude of Customers towards Plastic Money", More transactions take place in plastic money than paper notes because paper money is more risky than plastic money. People can enjoy the benefits of credit period. It is also observed that there are frauds in plastic money, some of them can be solved and some of them cannot be solved. Consumers prefer these cards mostly for online shopping. Finally, it is concluded that plastic money has a very bright future in the coming years because of the increasing trend of ecommerce.

Afshan Ahmed, Ayesha Amanullah and Madiha Hamid (2009), "Consumer Perception and Attitude towards Credit Card Usage: A Study of Pakistani Consumers", Recommendations From the analysis, it is evident how the customer preferences vary from one age group to another. Therefore, it is recommended that product development should be based on the information taken from the market, which otherwise leads to issues like product evolution in a wayward direction such as the intricate concept of co-branding that is being introduced by many banks.

Similarly reward schemes that do not result in an increased usage of the product are futile. Redemption of reward points is also a complex process. It seems that the customers hardly benefit from them.

## Objectives of the Study

Primary objectives:

- To know the perception of people towards plastic money
- Secondary objectives:
- To know the importance of plastic money in the daily life of customers.
- To study the benefits of debit and credit cards.
- To know the problems faced by respondents using plastic money.
- To study the satisfaction level of consumers towards plastic money.
- To give appropriate suggestions if any.

## Hypothesis of the Study

**H<sub>0</sub>**: People are not aware of the concept of Plastic money at all

**H<sub>1</sub>**: People are aware of Plastic money and possess at least one such card

**H<sub>0</sub>**: People prefer to use cash more often for all their daily purchases (apparel, footwear, electronic items etc.)

**H<sub>1</sub>**: People prefer plastic money over paper money for their daily transactions (apparel, footwear, electronic items etc.)

## Scope of Study

The study concentrates on different types of Plastic Money. It concentrates more on Debit Card, Credit Cards, master card. The project covers the impact of plastic money and the increasing usage of Plastic money in India.

## Limitation of the Study

- The sample size is very small compared to the population of the study.
- Geographically the scope of this study is limited to India.
- The present study covers only two types of cards.
- Primary data has its own shortcomings which might affect the conclusion of this study.

## Research Methodology

Besides the primary data, secondary data was collected from books, journals and internet to gather work done by other researchers prior to the study. Appropriate statistical tools have then been applied to establish correlation among the variables and for hypothesis testing.

## Sources of data:

The researcher has used both primary and secondary data for the present study. The information collected from the customers survey constitutes primary data and the information gathered from books, journals, magazines, reports and websites form part of secondary data.

**Primary Data:** A Well-structured questionnaire was prepared and distributed to the customers of banks in India at the ATM terminals and Banks to collect information about customers.

**Secondary Data:** The secondary information sources used for the present research include the standard books, journals and magazines such as IJM, RBI Bulletin and include websites of banks.

## Sample size:

For this purpose, 50 respondents are selected for the sample study. In this research study a simple random sampling method is used for data analysis.

## Significance of the Study

In this article studies shows that among a broad range of countries show “the widespread adoption of Plastic Money and its greater impact on consumer spending, savings habits, psychological aspects, economic changes, socio-cultural changes and financial perspectives”. From a psychological point, “human need for money is proportional to what each specific person is interested in buying and what they think is within range. Credit Card dependency can breed an overestimation of what they can afford”.

**Chapter Scheme:** The researcher prepared the following scheme of chapterization. Chapter 1- Introduction and research methodology

Chapter 2- Review of literature and conceptual framework. Chapter 3- Overview of sample units.

Chapter 4- Data analysis and interpretation. Chapter 5- Finding, suggestion and conclusion.

## References

1. Anoushka Sharma, Syed Fazal Karim and Vipul Jain, An Evaluation of Consumer Perception and Attitude Towards the Usage of Plastic Money in India, International Journal of Science Technology and Management, Vol.No.4, Issue 09, September 2015, pp. 80-86.
2. Dr. Jaideo Lanjewar, Changing Attitude of Customers Towards Plastic Money, Abhinav International Monthly Refereed Journal of Research in Management and Technology, Volume 4, Issue 3, March 2015, pp. 1-4.
3. Afshan Ahmed, Ayesha Amanullah and Madiha Hamid, Consumer Perception and Attitude towards Credit Card Usage: A Study of Pakistani Consumer, Journal of Comparative International Management, Vol. 12, No.1, 2009, pp.47-57.
4. Anisha Bisht et al, Analysis of the use of plastic money: A boon or a bane, SIMS Journal of Management Research, Volume no. 1 March 2015, pp.5-11.
5. Nirmala. R and Sonu, Analysis of the Use of Plastic Money, International Conference on Recent Innovations in Science, Engineering and Management, November 2015, pp.1016-1019.
6. Nigar Sultana and Md. Mahedi Hasan, Investigating the Consumers' Perception Towards Usage of Plastic Money in Bangladesh: An Application of Confirmatory Factor Analysis, Southeast Asia Journal of Contemporary Business, Economics and Law, Vol. 9, Issue 2 (Apr.) 2016, pp.16-24.
7. Athena Joy, A Study on Customers' Perception Towards Credit Cards, Indian Journal of Applied Research, Volume 5, Issue 6, June 2015, pp.14-19.
8. Syed Ali Raza, Liaquat Ali Rahoo and Prof. Muhammad Memon, Analysis the Use of Plastic Money in Hyderabad City, Sindh Province, American International Journal of Research in Humanities, Arts and Social Sciences, 14(2), March-May 2016, pp. 99-103.
9. www.google.com