

CUSTOMERS' ATTITUDE TOWARDS PLASTIC MONEY

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Abstract

The economic development of a country is dependent on how sound its financial system is. In a country like India where society is highly diverse economically, it makes very difficult for the policy makers to achieve the target of inclusive growth. The financial activity in India has observed increased amount of activity in the recent time. One of the areas which have seen increased focus is cashless transaction and plastic money. In a country where Rs 21,000 crore is spent on currency operations annually, plastic money and cashless transactions can make significant difference not only economically as well as sociologically.

Rise of private sector banks in recent times have paved a way for implementing new and sophisticated technologies to help the increasing the non-cash transactions medium like EFT, Debit Card, Credit Card etc. Though the acceptances of non-cash transactions have been steady between 2007 and 2012, still the potential is huge. The launches of Jan DhanYojana and RuPay debit card have made the debit card availability very easier for every section of the society.

Though the scope is virtually limitless but we need to ensure that the idea of financial inclusiveness is dealt sensibly. The user point of view should always be kept in mind when it comes to plastic money. This paper will try to identify the major concerns and area where finance sector can work. Apart from this we will also try to find the major challenge that might acting as a barrier in opting plastic money

Keywords: Plastic money, Debit Card, Credit Card, Paper Money

Introduction:

The concept of using money instead of barter trading system has a long history. It started from using coins made out of gold, silver, bronze etc, to today's currency notes. As the banking system started with people using it as a safe place to keep their saving to becoming the backbone of large project by providing crores or rupees in terms of loan. With the help of new technologies, the banking system is continuously becoming stronger than ever before. The country is now increasingly adopting the concept of plastic money, and with this there are various concerns that arises in the mind of consumer some genuine and some arises because of lack of awareness. In this paper we are trying to identify the customer attitude towards plastic money as well as the risks that affect the consumer's decision while choosing various option of credit/debit card available.

Objective of the study

- To study the features of credit cards offered by banks.
- To know different types of plastics money offered by banks.
- To evaluate the risk involved in the credit card usage.
- To find out the customers attitude towards plastic money.

Hypothesis

H0: There has been no significant relation between customer gender and type of plastic money used.

H1: There has been significant relation between customer gender and type of plastic money used.

Literature Review

The behavior and the attitude of the consumer towards the use and acceptability of credit cards differ for psychographic reasons (Yang, James and Lester 2005). Xiao, Noring and Anderson (1995)

Many consumers value uncollateralized credit lines for making purchases when they are illiquid (i.e. before their incomes arrive), even at relatively high interest rate. Because of

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limited alternatives to short- term uncollateralized credit, the demand for such credit may be fairly in- elastic with respect to price (Brito and Hartley 1995)

Ausubel (1991) suggest that consumers may not even consider the interest rate when making purchases.

Stavins (1996) argues that consumers are somewhat sensitive not only to changes in the interest rate but also to the value of other credit – card enhancements such as frequent –use awards, expedited dispute resolution, extended warranties, and automobile rental insurance.

Research Methodology

The study being undertaken is Descriptive in nature. The sample size was so selected that it could be adequate enough to represent the whole population. The total sample size was restricted to 95 consumers of Udaipur. The primary data was collected by administering structured questionnaire to the investors.

Analysis and Interpretation of Data

Table 1 Demographic Profile of Respondents

Particulars	Classification	Frequency	Percentage
Gender	Male	61	64.21%
	Female	34	35.78%
Age Group	Below 25	12	12.63%
	26-36	24	25.26%
	37-45	31	32.63%
	46& Above	28	29.47%
Profession	Students	15	15.78%
	Salaried	32	33.38%
	Entrepreneurs	38	40%
	Senior Citizen	10	10.52%
Monthly Income	Below 5000	04	4.21%
	6000-20,000	12	12.63%
	21,000-35,000	35	36.84%
	36,000-50,000	21	22.10%
	50,000 &Above	23	24.21%

As revealed from the Table 1, it has been observed that 64.21% respondents are male and rest is female. In the parameter of age group 32.63% of the respondents have 37-45 years, 29.47% are ranking from 46 & above ,25.26% are ranking from 26-36.

40% respondents are entrepreneurs, 33.38% are salaried, 15.78% are students and 10.52% respondents are senior citizen. Also, it has been found that 36.84% have their monthly income as Rs. 21,000-35,000, 24.21% respondents have their monthly income above 50,000, 22.21% respondents have their monthly income as Rs. 36,000-50,000.

Table 2 Do the Customer carry Plastic Money

Response	No. of Respondents	Percentage
Yes	72	75.78%
No	23	24.21%

As observed from the table 2, 75.78% of the respondents carry plastic money and remaining 24.21 % of the respondents do not carry plastic money.

Table 3 Type of Plastic Money

Type of Plastic Money	No. of Respondents	Percentage
Credit Card	38	40%
Debit Card/ ATM	45	47.36%
Specific Outlet Card	12	12.63%

As observed from the table 3, 47.36% of the respondents use debit card/ ATM, 40% of the respondents use credit card and 12.63% of the respondents use specific outlet card.

Table 4 Most Convenient way to pay

Most Convenient way to pay	No. of Respondents	Percentage
Cash	25	26.31%
Plastic Money	70	73.68%

As observed from table 4, 73.68% of the respondents use plastic money and 26.31% of respondents use cash.

Table 5 Preference towards Plastic Money

Preference towards plastic money	No. of Respondents	Percentage
Security	25	26.31%
Convenient	45	47.36%
To do not carry paper money	17	17.89%
Risk of carrying paper money	08	8.42%

As observed from table 5, 47.36% of the respondents

Table 6 Safest mode of transaction

Problem faced while using cards	No. of Respondents	Percentage
Lack of trust while making transaction	24	25.26%
Unacceptability at retail outlet	18	18.94%
High Interest rate	35	36.84%
Complexity of term and condition of bank	10	10.52%
Technology linkage issue	8	8.42%

Response	No. of Respondents	Percentage
Yes	58	61.05%
No	47	49.47%

According to table 6, 61.05% respondents do agree plastic money is safest mode of transaction and rest 49.47% do not agree its safest mode of transaction.

Table 6 Problem faced while using cards

When asked about problem faced while using cards, majority of respondents (36.84%) said that due to high interest rate they don't use to prefer plastic money. According to 25.26% respondents due to Lack of trust while making transaction and according to 18.94% respondents due to Unacceptability at retail outlet, they don't use plastic money.

Table 7 Future prospect of plastic money

Future prospect of plastic money	No. of Respondents	Percentage
Rapid Growth	33	34.73%
Steady Growth	19	20%
Stagnant	25	26.31%
Can't predict	10	10.52%
Decline	08	8.42%

34.73% respondent said that plastic money will grow rapidly, while according to 26.31% respondents the growth of plastic money will be stagnant. Only 8.42% respondents opined that net plastic money will not grow in future.

H₀: There has been no significant relation between customer gender and type of plastic money used.

Chi Square Test

Gender	Type of Card used			Total
	Credit Card	Debit Card/ ATM	Specific Outlet Card	
Male	22	31	8	61
Female	16	14	4	34
Total	38	45	12	95

Calculation of Chi-Square

O	E	(O-E)	(O-E)²	(O-E)²/E
22	24.4	-2.4	5.76	0.236
31	28.89	2.11	4.45	0.154
8	7.7	0.3	0.09	0.0116
16	13.6	2.4	5.76	0.423
14	16.1	-2.1	4.41	0.273
4	4.29	-0.29	0.084	0.0195
				1.1171

Tabulated value = 5.99

For 2 degree of freedom and at 5% level of significance the calculated value is less than tabulated value, which leads to the acceptance of hypothesis. So it can be concluded that there is no significant relation between customer gender and type of plastic money used.

Conclusion

More transactions take place in plastic money than paper notes because paper money are more risky than plastic money. People can enjoy 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. At last it is concluded that plastic money has a very bright future in the coming years because of the increasing trend of e-commerce.

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