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A literature survey on Indian consumer and plastic money

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Abstract

After demonetization Indian scenario has totally changed. It is clear from the govt. policy that in near future, we have to move towards “cash less India”, which will increase use of plastic money. Plastic money is a banking product that is used as an alternate for cash. Plastic money is here used for debit card, credit card, smart card, Kisan credit card. Perception of cardholders towards plastic money in India is a study that examines the perspective of users towards the use of plastic money. Objective of the study is to assess factors that motivate Indian consumer towards plastic money. It is a descriptive type of research based on secondary data from various resources. It is found that attitude and perception of people changed according to their education level, age, income and gender. There should be more clarity regarding charges from banks, more safety measures need to be taken, attractive schemes should be offered to women customer.

Keywords: Plastic money, debit card, credit card, awareness

Introduction

Present government also takes revolutionary steps to promote cashless transactions and efforts have been made to make India as cashless India. Various programmes are run by different departments to promote cashless transactions, and importance of plastic money has been increased. Plastic money is one of the innovations in financial sectors that give solution to many problems, like safety, portability. Plastic money includes debit cards, credit cards, smart cards etc. our study is focusing on major issues involved with plastic money. Awareness is a major issue as India is a developing country and various demographic factors involve in this regards. Study also discuss other factors that relate positively with plastic money.

Review of literature

Bisht & et. It. (2015) ^[1] conducted a study on, “Analysis of the use of plastic money: A boon or a bane”. A sample size of 200 customers was collected by stratified random sampling from Pune city including students, working professionals, government officials, house makers and senior citizens. The study was found that consumers prefer plastic money over paper money and the major benefit that the card provides to the customers is the convenience and accessibility. The major problem according to the customer is the increased transactional costs and unnecessary formalities to procure the cards.

Waran, Y. (2014) ^[2] conducted a study on, “Cardholders’ perception towards credit card services of banks – a comparative study with reference to public sector banks and private sector banks in Sivakasi Taluk, Tamil Nadu, India”. A sample size of 200 respondents was taken from Sivakasi Taluk, Tamil Nadu. The study was found that the respondents are giving more importance to the Convenience followed by Avoidance of risk Prestige power immediate payment and the least importance to Cash withdrawal facility. The study also found that preference plastic money over cash is also influenced by demographic factors like age, gender, education, occupation and income.

Deviranjitham, S. (2014) ^[3] in his study, “A study on usage and satisfaction of credit cards by the customers in Krishnagiri district” identified the awareness, perception and satisfaction level of credit cardholders in Krishnagiri district. A sample size of 500 credit cardholders was taken through multi stage sampling technique. The study found that people are less aware about the credit cards.

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Customer's satisfaction level is low because of high rate of interest with major problem of lack of proper advice from banks.

Devi & Gomathi. (2010) ^[4] in his research, "A study on the Awareness of the fringe benefits available to the credit card holders in Coimbatore City" identified the awareness of the various fringe benefits offered by the banks and bring out the relationship between the personal factors and the awareness fringe benefits. Chi-square and ANOVA used as statistical tools to analysis data. Study found that maximum of the respondents are aware and using the facilities. Demographic factors have not much influence on awareness and utilizations of fringe benefits.

Shenbagavalli & *et al.* (2012) ^[5] conducted a study on, "Risk analysis of credit card holders" with objectives of analyze the factors causing various type of risks and examine the protective measures existing to manage the risk exposure of credit cardholders. A primary Data was collected from a sample size of 230 respondents and statistical tools used to analyze are Multiple Regression, T test, Frequency table. The study found that the customers are not be aware of extra credit card charges and other charges. Researcher recommended that banks should make a strategy to educate credit cardholders.

Joy, A. (2015) ^[6], in his study "A study on customer's perception towards credit cards" explored main problems faced by the credit card holders and analyzes the credit card holder's awareness and preference towards credit cards. A primary data was collected from 100 respondents of Kottayam. Percentage analysis and chi-square test used as statistical tool for data analysis. Study found that there is no significant relationship between the educational qualifications of the respondents and their knowledge of hidden charges levied on the cards by the banks. There is a significant relationship between annual income and frequency of using credit cards.

Raza, S. A. & *et al.* (2016) ^[7] in study on, "Analysis the Use of Plastic Money in Hyderabad City, found that consumers prefer plastic money over paper money and the major benefit that the card provides to the customers is the convenience and accessibility. This is an exploratory-cum descriptive research based on primarily data collected from 200 respondents from Hyderabad city. Researcher also investigates the acceptability of the cards among the consumers and the factors affecting. It Sudhagar, S. (2012) ^[8] Conducted a study on, "A study on perception and awareness on credit cards among bank customers in Krishnagiri district" to study the awareness and attitude of bank customers about credit cards. The researcher collected the data through multi stage sampling. The study was based on primary data. Data from 600 respondents were collected through Interview Schedule. The study found that customers with larger balance in their account know more about credit cards and their awareness level is found to be high and Low awareness category comprised of more of customers with short period customership.

Prasad, S. in (2016) ^[9] study on, "Consumers' Perceptual Biasness in Debit Cards of Indian Banks" to explore recent issue related to the debit card and the preference of customers towards different types of debit cards of different banks. The study based on Primary collected through questionnaire of sample taken from 400 respondents. Mostly

respondents was from Bhubaneswar and Cuttack of Odisha. Data analysed through the factor analysis the study found that customer look after the 'favorability' in terms of benefits while selecting any particular brand of debit card.

Dhanda, K. in (2016) ^[10] conducted research on, "Plastic Cards: A Blessing or a Curse". A sample of 200 respondents was taken through Stratified sampling technique. The research found that majority of respondents are aware about plastic card and its usage. The study also reveal that majority of respondents like using plastic card for purchasing apparels, paying electricity bills/phone bills and for on-line dealings and each one of them feel that it's a secure mode of transaction.

Bijapurkar, & *et al.* (2014) ^[10] in his study "Reasons and Attitudes to using cash in India" analysis A two stage stratified sampling design was used as a sampling technique and 4500 respondents was selected from Delhi and Meerut. Study was found that there is much less ownership of debit cards among the respondents as compare to bank accounts and people are influenced according to the demographic profile.

Patil, S. in (2014) ^[11] study on, "Impact of plastic money on banking trends In India" to examine the role of these plastic money as electronic payment tool to be used by customers and discusses the diffusion of these cards in replacement of cash and paper money researcher selected 100 respondents from Mumbai city by using convenience sampling. The research shows the preference of the customers for plastic cards over the cash and paper money.

Bama & Gunasundari (2016) ^[13] in this paper, "Challenges and future prospects of plastic money" conclude that Indian customers find it easier to make payment through plastic money rather than carrying cash. Researcher also highlight some positive and negative aspects of plastic money. Study found that due to the technological advancement and the improvement in the payment system has led to further development in plastic money.

Hooda, N. (2016) ^[14] study on, "Plastic money – A Boon or A Bane" and examine the changing attitude of consumers towards plastic money. A sample size of 30 was taken from Rohtak through stratified sampling. The study found that majority of consumers aware about concept of plastic money. The research concludes that most of the consumers believe cards to be convenient mode of payment and the concept of plastic money will be successful in future.

Sharma, A. & *et al.* (2015) ^[15] in his research paper, "An evaluation of consumer perception and attitude towards the usage of plastic money in India" examine various positive and negative aspects of plastic money. The research was based on primary data from 212 respondents. Researcher found that convenience & portability are two main influencing factors that encourage the use of plastic money instead of real money.

Lanjewar J. (2015) ^[16] study on, "Changing attitude of customers towards plastic money" to explore various risk factors associated with plastic money and to study customer's attitude towards plastic money. Data was collected from 150 respondents through structured questionnaire from Nagpur district. The study found that majority of customer prefers plastic money because safety factors and concluded that plastic money has a very bright future in the coming years.

Bhatt, K. A. (2015) ^[17], "An analytical study on use of plastic money in India: with special reference to card holders of Gujarat" conclude that plastic money has a very bright future in the coming years. The data was collected from 384 card users through structured questionnaires. The

study found that main reason for using debit card is to get advantage of immediate cash back and security.

Table 1. is showing distribution of research papers that reviewed for the study.

Table 1: Region and state-wise Distribution of Research Papers

S. No.	Region	State	No. of studies
1	Southern Region	Tamil Nadu (5), Kerla (1), Andhra Pradesh (1)	7
2	Western Region	Maharashtra (3), Gujarat (1)	4
3	Northern Region	Haryana (2), Delhi & NCR (2)	4
4	Eastern region	Orissa (1)	1

Research Methodology

The study is based on available literature extract from different resources. Out of 24 papers 18 was found suitable for study. These 18 papers cover different regions of the country. It is a qualitative research intended to understand attitude and awareness of people regarding plastic money and to explore possible factors that influence preference of people using plastic money over cash.

Objectives

1. To study awareness and preference among consumers regarding plastic money.
2. To examine various demographic factors that influence

preference for plastic money.

3. To assess various factors those promote use of plastic money.

Result and Discussions

Objectives 1

Latest studies are selected to study the preference and awareness among consumers. Majority of the researches shows that respondents are aware about the plastic money and prefer while making transactions. In table 1.2, a relationship has been found between awareness and preference.

Table 2: Awareness and Preference

Author	City	Much aware	Less aware	Prefer	Less prefer
Bisht & et. It. (2015) ^[1]	Maharashtra	✓		✓	
Waran, Y. (2014) ^[2]	Tamil Nadu	✓		✓	
Deviranjitham, S. (2014) ^[3]	Tamil Nadu		✓		✓
Devi & Gomathi. (2010) ^[4]	Tamil Nadu	✓		✓	
Shenbagavalli & et al. (2012) ^[5]	Tamil Nadu		✓		✓
Joy, A. (2015) ^[6]	Kerala		✓		✓
Raza, S. A. & et al. (2016) ^[7]	Andhra Pradesh	✓		✓	
Sudhagar, S. (2012) ^[8]	Tamil Nadu	✓		✓	
Prasad, S. in (2016) ^[9]	Orissa	✓		✓	
Dhanda, K. (2016) ^[10]	Haryana	✓		✓	
Bijapurkar, & et. It. (2014) ^[10]	Delhi & NCR		✓		✓
Patil, S. in (2014) ^[11]	Maharashtra	✓		✓	
Hooda, N. (2016) ^[14]	Haryana	✓		✓	
Sharma, A. & et al. (2015) ^[15]	Delhi & NCR	✓		✓	
Lanjewar, J. (2015) ^[16]	Maharashtra	✓		✓	
Bhatt, K. A. (2015) ^[17]	Gujarat	✓		✓	
Total	16	12	4	12	4

Objective: 2

Out of 18 only nine studies support impact of demographic

factors on use of plastic money.

Table 3: Impact of Demographic Factors on Preference for Plastic Money

	Education	Gender	Income	Age	Occupation
Waran, Y. (2014) ^[2]	✓	✓	✓	✓	✓
Deviranjitham, S. (2014) ^[3]	✓	✓		✓	✓
Devi & Gomathi. (2010) ^[4]	×	×	×	×	×
Joy, A. (2015) ^[6]			✓		
Sudhagar, S. (2012) ^[8]			✓		
Bijapurkar, & et al. (2014) ^[10]	✓	✓		✓	
Sharma, A. & et al. (2015) ^[15]	✓	✓	✓	✓	✓
Lanjewar, J. (2015) ^[16]		✓	✓	✓	✓
Bhatt, K. A. (2015) ^[17]		✓	✓	✓	✓
Total	4	6	6	6	6

Most of the researchers agree that gender, income, age, occupation and education have impact on preference for plastic money over cash. As table 3 shows that all factors score equally except education. Educated people more prefer plastic money as compare to uneducated.

Objective: 3

Mainly six factors are selected as convenience, accessibility, reduce risk, prestige power, portability and monetary benefits to examine the favorable factors that positively relates with plastic money.

Table 4: Most favorable Factors for Preference

City	Convenience	Accessibility	Reduce risk	Prestige power	Portability	Monetary benefits
Pune	✓	✓				
Sivakasi Taluk	✓			✓		
Raza, S. A. & <i>et al.</i> (2016) ^[7]	✓				✓	
Sudhagar, S. (2012) ^[8]	✓		✓			
Prasad, S. in (2016) ^[9]		✓				✓
Dhanda, K. (2016) ^[10]	✓				✓	
Bijapurkar, & <i>et al.</i> (2014) ^[10]	✓	✓				
Patil, S. in (2014) ^[11]			✓			✓
Bama & Gunasundari (2016) ^[13]					✓	✓
Hooda, N (2016) ^[14]	✓	✓				
Sharma, A. & <i>et al.</i> (2015) ^[15]	✓				✓	
Lanjewar, J. (2015) ^[16]	✓		✓			
Bhatt, K. A. (2015) ^[17]			✓			✓
Total	9	4	4	1	4	4

Table. 4 shows that convenience is the major factors, means people prefer plastic money because it is convenient to use plastic money instead of cash. Other factors have been given equal weight except prestige power.

Conclusion

People in India are aware about plastic money but demographic factors have strong impact on their preferences. As different studies discuss that number of male cardholders is more than female, educated more prefer than uneducated, younger more prefer than older etc. So it has been concluded that still we have much more potential to improve the situation. More efforts have to be done to motivate female cardholders. Besides all these banking facilities need to be improve to attract more and more consumers.

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