



**“A STUDY ON THE CUSTOMER’S ATTITUDE TOWARDS PLASTIC MONEY
WITH SPECIAL REFERENCE TO PALAKKAD DISTRICT”**

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ABSTRACT

Money is always regarded as an important medium of exchange and payment tool. Initially barter system was used as the significant mode of payment. Over the years, money has changed its form from coins to paper cash and today it is available in formless form as electronic money or plastic card. Hence, the major change in banks which has been brought in by technology is through introduction of products which are alternative to cash or paper money. Due to the technological revolution in financial sector, the payments in banking system have undergone a tremendous change. The Number of innovative products for making payment has developed after the privatization and globalization. Customers have showed their preference over the usage of the plastic money generally over a period of time in the banking process. An attempt has been made to study the satisfaction level of customers and the benefits of plastic money in the banking sector with special reference to Palakkad District. It is assumed that the conclusions from these will provide a clear view of their contribution towards the overall economic development of the country.



KEY WORDS : Types-Significance-features.

INTRODUCTION

Plastic cards are one of those types of innovations through which the customers can make use of banking services just by owning the card issued by bank and that too without restricting himself in the official banking hours. Plastic cards as the component of e banking have been in use in the country for many years now. However, the card-based usage has picked up only during the last five years. Payment by cards is now becoming a much preferred mode for making retail payments in the country. Thus, plastic cards are such payment tool which gives a customer an opportunity of non cash payment of goods and services and are designed to facilitate small value retail payments by offering a substitute for bank notes and coins and thus to complement traditional payment instruments.

STATEMENT OF THE PROBLEM

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.

OBJECTIVES OF THE STUDY

- 1) To study the attitude of customers towards plastic money in Palakkad district.
- 2) To study difficulties faced by the customers while using plastic money.

RESEARCH METHODOLOGY

The research is being of academic purpose, the research design adopted is descriptive and analytical in nature. Necessary data collection tools are used to collect the data and finally report is prepared after the analysis.

Primary Data and Secondary Data

The source of primary data used here is questionnaire which was answered by customers plastic money age groups located at Palakkad district. The different sources of secondary data used here is the in books, journals, magazines, various websites.

Tools Used For Analyses:

Statistical tools namely simple ratios and percentages have been used to analyze the collected data. Tables, graphs and diagrams are used to represent the classified data.

Sampling Design

A study of this nature requires the selection of customers from banks. Convenient sampling technique has been adopted. Four banks namely SBI, IOB, ICICI and TMB selected in Palakkad District according to the convenience of researcher. Debit card holders are more in number then credit card holders. Thus, researcher selected 40 respondents of debit card holders and 10 respondents of credit card holders.

REVIEW OF LITERATURE

Dr.K.Gundasundari (2016) in her research paper Today it is impossible to imagine modern bank operations, commercial transactions and other payments without using the plastic cards. Plastic currency is now gradually becoming the norm across the globe as more and more developed countries are opting for plastic compared to paper as there are several inherent advantages. The growing incursion of smart phones has made technology applications much more accessible to users. The Government's also move forward for a "Digital India" and its focus on growing electronic payments is significant drivers of growth in replacing physical payments with technology-backed solutions. India is at the cusp of a tectonic shift towards electronic money from traditional cash. for instance the Pradhan Mantri Jan DhanYojana (PMJDY), is slowly building recognition among people to move from paper to electronic money. The PMJDY alone has seeded over 150 million Rupay cards in the last year, in addition to the 400 million debit cards already in circulation. There is still emergence for significant increase in the usage of debit cards in the years to come as card.

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 the 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.

P Manivannan (2013) in his research paper "Plastic Money a way for cash Less Payment System" examined that Plastic Money i.e. usage of Credit card was measured a luxury, and has become needed. These plastic money and electronic payments was and used by only higher income group. This facility

extended not only to customers in urban areas or cities, but also to customers residing in rural area. However, today, with development of banking and trading activity, the fixed income group or salaried classes are also start using the plastic money and electronic payment systems and particularly Credit cards.

Anupama Sharma (2012) in her research paper "Plastic card frauds and the countermeasures: towards a safer payment mechanism" have thrown light on the number of frauds increased considerably in the usage of plastic cards as in case of plastic card frauds the most affected parties are the merchants of goods and services as they have to bear the full liability for losses due to frauds, the banks also bears some cost especially the indirect cost whereas the cardholders are least affected because of limited consumer liability and concluded that all these losses can be dealt with by making the prudent use of the new technology and taking the respective counter measures .

Plastic Money

Plastic money is a term that is used predominantly in reference to the hard plastic cards we use every day in place of actual bank notes. They can come in many different forms such as cash cards, credit cards, debit cards, pre-paid cash cards and store cards. According to business dictionary Plastic money can be defined as a "Generic term for all types of bank cards, credit cards, debit cards, smart cards, etc".

Significance of Plastic Money

Plastic card is one of the smartest of technologies ever be made available to do business with. Plastic cards spread over the business world in terms of plastic money or credit and debit cards as well as ATM cards, Business cards and Identity cards, Smart Cards, Membership Cards and loyalty cards of a retail shop, Hotel Key cards and Luggage tags etc. the plastic cards changed and adjusted so fast and significantly with development and modernization that in today's life it is virtually impossible to do away with these cards in some some forms or the others. From simple shopping to purchasing tickets in trains and buses to amusement parks, availing different services and refueling cars, meeting new clients etc. are to name a few of the places when we reach our pockets to take out a plastic card.

Plastic cards finding more and more usage of them has metamorphosed leaps and bound into thinner, more flexible and smarter looking cards of different attractive shapes and colours. PVC cards, Polycarbonate cards, forested plastic cards had given the customers the benefits of reusing the cards and this more than anything has help the environment. The throwing off the plastic has been done away with as plastic cards are immortal and beautifully and aesthetically done cards remain attractive and worthy of usage for long.

Types of plastic money

Credit cards

The term "credit card" generally refers to a plastic card issued to a cardholder, with a credit limit, that can be used to purchase goods and services on credit or obtain cash advances. It is issued by banks holding the logo of one of the bank card association like Visa, MasterCard, Dinners club etc. after proper verification of accountholders. Unlike debit cards, credit cards also provide overdraft facility and customer can purchase over and above the amount available in his account and thus regarded as authentic payment tool (Mishra, 2007). Interest charges are levied on the unpaid balance after the payment is due.

Debit cards

A debit card also known as a bank card or check card is a plastic payment card that provides the cardholder electronic access to their bank account(s) at a financial institution. Some cards may bear a stored value with which a payment is made, while most relay a message to the cardholder's bank to withdraw funds from a payer's designated bank account. The card, where accepted, can be used instead of cash when

making purchases. In some cases, the primary account number is assigned exclusively for use on the Internet and there is no physical card.

ATM cards

These cards are typically used at automatic teller machines (ATMs) to withdraw cash, make deposits, or transfer funds between accounts. ATM card is used by inserting the card into an automatic teller machine and enter a personal identification number, or PIN, for security. The system checks the account for adequate funds before permitting any transaction.

Charge cards

A charge card is a card that provides a payment method enabling the cardholder to make purchases which are paid for by the card issuer, to whom the cardholder becomes indebted. The cardholder is obligated to repay the debt to the card issuer in full by the due date, usually on a monthly basis, or be subject to late fees and restrictions on further card use. It can also be a smart card.

Smart cards

A plastic card containing a computer chip and enabling the holder to purchase goods and services, enter restricted areas, access medical, financial, or other records, or perform other operations requiring data stored on the chip. Smart card is currently introduced by BRTS which stands for Bus Rapid Transit Services in Gujarat in India.

Master Card and visa

Master Card and Visa are global non-profit organizations dedicated to promote the growth of the card business across the world. They have built a vast network of merchant establishments so that customer’s world-wide may use their respective credit cards to make various purchases.

Features of Plastic Money

1. **Eliminates the need for carrying huge cash:** This eliminates the need for carrying huge load of cash which is risky and inconvenient too.
2. **Risk of Loss or Theft minimized:** In case of cash there is a high risk of losing cash and a chance of cash getting stolen. However, in case of debit/credit card you can report the matter to the bank and block the card to avoid misuse.
3. **Anytime/Anywhere Access:** Using cards you have the unique advantage and convenience of using it anywhere in the country or even abroad.
4. **Credit Facility:** In case of credit card you have the option of buying on credit or paying later. Although are high, it helps you in case of emergencies and contingencies. the charges
5. **Online Payments:** You can use cards for online payments, fund transfers and various other transactions.

TABLE 1
AGE, GENDER, OCCUPATION, ANNUAL INCOME, USAGE OF PLASTIC MONEY, TYPE OF PREFERENCE, MODE OF USAGE, PURPOSE OF USAGE OF CUSTOMERS

| AGE | RESPONDENTS | PERCENTAGE |
|--------------|-------------|------------|
| 18-30 | 21 | 42% |
| 30-40 | 12 | 24% |
| 40-50 | 13 | 26% |
| 50-60 | 3 | 6% |
| ABOVE 60 | 1 | 2% |
| TOTAL | 50 | 100 |

| | | |
|-------------------------------|-----------|-------------|
| GENDER | | |
| MALE | 33 | 74% |
| FEMALE | 17 | 26% |
| TOTAL | 50 | 100 |
| OCCUPATION | | |
| PUBLIC SECTOR | 26 | 52% |
| PRIVATE SECTOR | 16 | 32% |
| BUSINESS | 6 | 12% |
| STUDENT | 1 | 2% |
| OTHER | 1 | 2% |
| TOTAL | 50 | 100% |
| ANNUAL INCOME | | |
| LESS THAN 250000 | 2 | 4% |
| 250000 - 500000 | 21 | 42% |
| 500000 - 750000 | 24 | 48% |
| 750000 - 1000000 | 2 | 4% |
| MORE THAN 1000000 | 1 | 2 |
| TOTAL | 50 | 100 |
| USAGE OF PLASTIC MONEY | | |
| YES | 47 | 94 |
| NO | 3 | 6 |
| TOTAL | 50 | 100 |
| TYPE OF PREFERENCE | | |
| DEBIT CARD | 19 | 38% |
| CREDIT CARD | 16 | 32% |
| BOTH DEBIT AND CREDIT | 13 | 26% |
| GIFT CARD | 1 | 2% |
| OTHERS | 1 | 2% |
| TOTAL | 50 | 100 |
| MODE OF USAGE | | |
| DAILY | 14 | 28% |
| ONCE IN A WEEK | 3 | 6% |
| MORE THAN ONCE IN A MONTH | 33 | 66% |
| ONCE IN AN YEAR | 0 | 0% |
| TOTAL | 50 | 100 |
| PURPOSE OF USAGE | | |
| PAYMENT OF BILLS | 12 | 24% |
| ONLINE PURCHASES | 14 | 28% |
| CREDIT PURCHASES | 19 | 38% |
| MOBILE RECHARGE | 1 | 2% |
| OTHER | 3 | 6% |
| TOTAL | 50 | 100 |

Source: Primary Data.

INTERPRETATION

From the above table it is clear that Majority (42%) of the respondents belong to the age group between 18 and 30. There were only limited numbers of respondents between 50-60 (6%) and above 60

years (2%) of age. Remaining respondents are between 30-40 (24%) and 40-50 (26%) years of age. The majority (74%) of the respondents are male. So here the study is survey is taken mostly from the male customers than of females which are of 26%. Out of the study conducted majority (52%) of the respondents work in public sector and the next comes the private sector (32%). It states that about 84% of the respondents are employed with a regular income. Majority (90%) of the respondents earns an income between 250000 – 750000 p.a. and only 4% earns below 250000 and the remaining 6% earns more than 750000 p.a. Out of the study conducted it is observed that about 94% of the sample prefer plastic money and only 6% does not prefer them. The study conducted shows that about 96% of the total samples selected use both debit and credit cards. Only 4% use other modes like gift cards, store cards, customer cards etc. Majority (66%) of the respondents use plastic money more than once in a week and 28% of them prefer it daily and only 6% prefer it once in a week. Majority (38%) of the sample prefer plastic money for credit purchases. 24% prefer it for online purchases and 28% for the payment of different bills. There are only a few (6%) prefer them for mobile recharge and other activities.

FINDINGS:-

- 1) Majority of the customers have started preferring plastic money for making different payments.
- 2) The customers who prefer plastic money are mostly males and are of 30 – 50 years of age.
- 3) The customers who prefer plastic money usually own a regular income and they are employed in public sector and private sector.
- 4) Majority of the customers who prefer plastic money are tax payers and earns an income of more than Rs 250000 per annum.
- 5) Majority of the customers prefer debit and credit cards as the medium of plastic money.
- 6) Credit purchases have now become a common habit among those customers who prefer plastic money.
- 7) All the private sector and public sector banks provide the service of plastic money.
- 8) NBFC's are one of the few financial institutions who does not render such services.
- 9) Plastic money facilitates the usage of internet banking which is a key feature that promotes digital banking.
- 10) At the present scenario more than 60% of the account holders in financial institutions depend on different modes of plastic money.
- 11) Plastic money has reduced the circulation of black money which is an important advantage to the banking sector.
- 12) Reduction of black money and promotion of digital banking are one of the key features that contribute to the overall economic development of the country.
- 13) Credit purchases increases the income of the banking sector which also contribute to the wealth maximization of the country.

SUGGESTIONS:

- 1) The bank may provide attractive schemes and services on debit and credit cards in order to increase the usage of plastic money among the customers.
- 2) The banks must provide services in such a way that it is affordable to all income groups.
- 3) The authorities must take appropriate measures to introduce plastic money for NBFC's also.
- 4) Knowledge and awareness regarding the usage of plastic money should be spread to those who lacks in it.

CONCLUSIONS

The study shows the role of plastic money in the present scenario in which interviews have been conducted with the customers as well as the bank employees to understand the preference of the customers towards plastic money and its benefits to the banking sector.

It has been found that the customers have started using credit cards and debit card for making different payments. Due to the increase in credit purchase transactions plastic money has now become a wealth maximising factor to the bank which is one of the key factors o economic development. Thus the study concluded that peoples preference of plastic money over paper currency is a boon or the overall development of the country.

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