

PLASTIC MONEY IN INDIA: AN OVERVIEW

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ABSTRACT

The utilization of plastic money in India is in solid surge. In the middle of April-June 2011-12, the debit card spending ascended by 30% against Rs16,948 crore a year ago wherein platinum card spending has expanded by 45% contrasted with Rs8,065 crore a year ago, according to the information discharged by Reserve Bank of India. The dispersion of plastic money has expanded because of the way that saving money division has turned out to be more forceful. Besides, duplication of clients is an essential region of worry for the business which can overstate the quantity of dynamic clients. The present paper makes an endeavor to comprehend the eventual outcomes of retreat on plastic money industry and its effect on shopper inclinations. The paper appropriately examines the adequacy of the cards among the Indian shopper and the

variables impacting the card decision. Essential information was gathered through a very much organized survey with the example size of 150 respondents in Jammu locale. Factors identified with socioeconomics, for example, age, wage level and occupation were chosen for the examination. The outcomes demonstrate that the clients are moving from debit card to check card more than couple of years. The investigation additionally uncovered that for practical saving money exchanges, banks are currently focusing on influencing their clients to move their debit card exchanges from ATM to Point of offer.

Keywords: *Technology, Money, Exchanges, 'Plastic Cash', Plastic Money, Organizations, ATM, etc.*

INRODUCTION

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. Client is presently regarded as client of banks in general, which implies that he is currently equipped for getting 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 also banks on the loose. Different complex items have been propelled by the banks which help them to meet the fundamental necessities 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 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 client’s in spite of 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 the manner by which their managements can be come to their clients by getting adaptability in their "conveyance channels - De Sarkar 2001"

PLASTIC CARDS: A KEY ELEMENT OF ELECTRONIC

Managing an account Money is continually seen as a basic trade of exchange and installment. At first, system was used as the immense technique for installment. Consistently, money is changing its shape from coins to paper and today it is available in the form of electronic money or plastic card – sid by, Ramasamy 2006). Along these lines, the genuine change in banks which has been obtained by rapid change in technology is through introduction of things which are differentiating alternative to cash or money. Plastic card is one of those sorts of modernization way through which the

customers can make use of keeping cash benefits just by owning the card issued by bank and without any fear. Plastic cards as the piece of electronic-saving which have been being utilized in the country from long time; In any case, the card-based use has gotten the latest five years.

Installments by means of cards is by and by transforming into an especially needed mode for making retail portions in the country (Report on example and advance of dealing with a record in India 2006-07, RBI).

Thus, plastic card is a device which gives to customer a possibility of non-cash stock support to financial declarations. These lines are enhancing card as an instruments. The piece of various social events related with plastic card as per Retail Payment System, 2004.

- i. Customers or Cardholder: The approved individual holding the card and can utilize it for buy of merchandise and enterprises too.
- ii. Card issuing bank: The bank or establishment which issues the card to its qualified clients.
- iii. Merchants: Entities which pitch the products and enterprises to the cardholder and appropriately consent to acknowledge the card for installment.
- iv. Bank Card Organization: The affiliations (VISA, Master Card, and American Express) which go about as a halfway between card issuing bank and traders bank and approve the exchange.

AUTOMATED TELLER MACHINE (ATM):

Automated teller machine is a tangible machine which is used to swipe plastic card to make the money transaction. In India, there is a constant ascent in the use of ATMs by the clients. In India, 95% individuals are using ATM. It is a conventional method of saving money in the year 2006 and 2000, ATMs has been introduced by different banks in India to their customers. In the year 2000, ATMs implemented by different banks was only 1000 in number which was expanded to 27088 in year 2007. The ratio has increased rapidly in last few years. In India, most of the national banks have contributed to establish ATM. To the extent the development and number of offsite ATM are concerned new

private part banks have driven over the other gathering of banks. At the beginning period, clients could just utilize ATM of that individual bank where they are having account. However, as of now, this requirement has been removed for the comfort of clients as they can utilize ATMs of different banks similarly where they don't have any record. It is known as interbank systems and banks charge additional expense named as "between change charge" for use of this management. Hold Bank has urged the banks to consolidate in little groups with the goal that their ATM systems can be shared. As of now, there are different such ATM organize groups working in India. Most of the ATMs are demonstrates the NFS (National Financial Switch) is imparting the biggest number of ATM to its part banks while Mitr is having slightest number of ATMs to be imparted to its part banks.

Check cards:

Charge card is an encoded plastic card which issued by banks. It has supplanted money. It enables to clients to pay for merchandise and enterprises devoid of conveying money with them. As per Mishra – 2007, “platinum card is

multipurpose which can similarly be utilized as ATM for pulling back money and to check account adjusts. It is issued free of cost with the reserve funds or current record”

Charge card is extraordinary compared to other online e-installment instrument through the measure of procurement is instantly deducted from client record and credited to dealer's record given if that much sum is accessible in clients account. It has beaten the postponed installment procedure of checks, because of which here and there shippers need to endure. To execute through check card is simple and real manner in which card swiped across the terminal with an attractive code as per-user and it records client's bank and record number (Caskey and Gordon, 1994). Client needs to enter the PIN code in the terminal to play out the exchange through which the data is headed out to electronic system connected to the shipper's manage an account with the bank that issued platinum card to the client. In the event that the exchange is affirmed then the client account is properly charged and trader account is credited with that sum. The entire procedure is performed promptly inspite the contribution

of expansive number of gatherings. Subsequently, check cards are viewed as compelling where clients esteem it as comfort and dealers consider it to be bringing down cost or improving deals.

STATEMENT OF THE PROBLEM

The problem statement is Plastic Money in India and its impact.

RESEARCH DESIGN

This Article has designed based upon descriptive study as it aims to identify and elaborate the “**Plastic Money In India, Uses and its impact**”, to achieve it, the study covers the title of the study, significance of the study, aims and objectives of the study, research hypothesis and research design.

SOURCES OF DATA

This study was based on the primary and secondary data. Some of the organizations data was used to analyze the study.

This analysis mainly contains the following steps:

“Literature review”

“Theoretical and experimental analysis”

OBJECTIVE (S) /NEED OF STUDY

Specific Objectives of this study are as follows: -

- To study about the changing dimension and its impact on consumer perception towards plastic money
- To study the influencing factors behind the use of plastic money
- To identify the significant usage of plastic money
- To assess the problems of using plastic money
- To study the awareness and use of plastic money amongst the consumers
- To study consumers’ reasons for preference of plastic money over hard cash

NEED/SIGNIFICANCE OF THE STUDY

In this article studies shows that among a broad range of countries show “the wide spread adoption of Plastic Money and its greater impact on consumer spending, savings habits, psychological aspects, economic

changes, socio - cultural changes and financial perspectives”.

From 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”

LITRETURE REVIEW

David (2011)" in their work Economic Analysis of the impacts of the Federal Reserve Board's Proposed Debit Card Interchange Fee Regulations on Consumers and Small Businesses, contemplated the effect of the diminishments in exchange expenses proposed by the Federal Reserve Board on shoppers and independent companies. The investigation found that buyers and private company would confront higher retail managing an account expenses and lose profitable managements as banks objectively try to make up as much as they can for the charge trade incomes they will lose under the Board's proposition. The quantity of unbanked purchasers would increment as lower - salary

family units decrease the utilization of higher - estimated accounts.

Biliana et.al, (2012)"An Agent Based Approach, examine the installment appropriation rate under shoppers' and traders' attention to organize externalities, given two levels of Interchange Fees in a multi - specialist card advertise.

Pat Meredith (2012)" in her report Credit and Debit Card Markets, examined that Credit and Debit Cards are an imperative piece of Canada's installments framework. Canadians are among the world's heaviest clients of card - based installments, and in light of current circumstances they are broadly acknowledged, for the most part offer preferable security over money or checks, and enable clients to buy high - valued merchandise without carrying extensive aggregates of cash. The exploration included both scholarly sources and in - individual meetings with authorities from Australia, New Zealand, the United Kingdom and the United States.

Sebastien and Cathy (2012)"* in their article Paper or Plastic? Cash and Credit as Means of

Payment, examined the innovative advances in electronic record - keeping have made "Visas as omnipresent as money as methods for installment in numerous economies, this change in the installments scene represents a few new difficulties for policymakers, especially in deciding how expansion, advertise structure, and new control shape how buyers pay and what dealers acknowledge"

Fumiko and Stavins (2012)" in their talk paper "Effects of Credit Scores on Consumer Payment Choice examined the impacts of FICO ratings on purchaser installment conduct, particularly on Debit and Credit Card utilize" Episodically, a negative connection between "Debit Card utilize and Credit score has been accounted for; notwithstanding, it isn't evident whether that relationship is identified with different elements, for example, instruction or pay, or whether it is a minor connection" The outcomes show that an expansion in customers' cost of platinum' cards - because of administrative changes, for instance - would adverse affect low - credit - score purchasers (ordinarily those with bring down earnings and less instruction).

Zhu Wang (2012)"* in his Debit Card Interchange Fee Regulation: Some Assessments and Considerations dissected and explored the controls observational effect on various players in the platinum card advertises. The direction has considerably diminished exchange incomes of extensive backers who are secured by the control, while little guarantors who are excluded have been protected well up until now. Government Trade Commission (FTC) Staff Report [liyf Paper, Plastic... or then again Mobile? - A FTC Workshop on Mobile Payments, learned about the versatile installments and the examination which concentrated on potential to give critical advantages to customers and organizations. Industry is trying different things with numerous developments, plans of action, and organizations that give buyers new and energizing items and managements. In spite of the fact that the business is as yet youthful, FTC staff energizes those creating versatile installment items and managements to make them with money related, security, and protection assurances at the top of the priority list.

ANALYSIS OF THE STUDY/FINDING/RESULT

Perception of card users towards plastic money

The accentuation has been laid on the appropriation, utilization, esteem qualities, bottlenecks and factors affecting plastic cash reception. The past part studied the present situation on legitimate and administrative casing work in India and it was discovered that however more changes must be started. The present framework can bolster the smooth appropriation and checking installments through plastic cash. Similarly, it has been shown by the current research that plastic cash appropriation is on the ascent as there is an expanding number of vendor foundations in India tolerating greater part of cards. The present investigation has been isolated into seven segments which incorporate perceptual examination age-wise, occupation-wise, sex astute, instruction savvy, salary insightful, investigation of precursors and spending design, and ultimately examination of saw hazard and utility.

Usage of Plastic Money

The target of this inquiry was to watch the kind of plastic cash utilized by different respondents, with the goal that the significance of a specific sort of plastic cash could be judged. Regardless of whether the plastic cash utilized has any connection with age, sex, wage, occupation, and instructive level or not, the accompanying investigation was finished:

Use of Plastic Money (Age – astute)

Age-wise, the card clients have been viewed as indispensable in assessing impression of individuals at their distinctive ages in connection to appropriation of plastic cash. Numerous investigates demonstrate that age is altogether identified with the selection of plastic cash. This examination has looked to see if age-wise investigation brings out alternate points of view from different measurements like sexual orientation shrewd, pay astute, occupation-wise and training insightful. Card clients were solicited to show the sort from card they have utilized. Since alternate sorts of cards were not all that famous in the middle of pilot ponder, just

credit and platinum cards speak to plastic cash. Table 1 indicates the result of plastic money usage (Agewise) in India.

Table 1: Usage of Plastic Money (Age – wise)

Variable	18-30 years	31-45 years	46 years and above	Total
Debit card	37 (50)	72 (33)	4 (5.4)	74 (25.34)
Credit card	72 (33)	108 (49.5)	38 (17.4)	218 (74.65)
Total	109 (37.3)	141 (48.3)	42 (14.4)	292 (100)

$$\chi^2 = 10.09, df = 2, t\text{-value at } 5\% = 5.99$$

Note: Number in parenthesis show percentages

The table above demonstrates that larger part of clients have Visas (218 respondents) while 74 respondents detailed that they have platinum cards. The age-wise investigation shows that out of the aggregate respondents with Visas dominant part (49.5%) were youthful moderately aged (31-45 years) trailed by more youthful clients with under 30 years. The matured respondents (17.4%) showed that they are utilizing Visas. This might be maybe because of absence of legitimate mindfulness or client numbness about change in technology or might be they

are money moderates. Further, the outcome demonstrates that larger part (half) of platinum cards holders were under 30 years old, trailed by the youthful moderately aged (44.6%), just 5% of matured individuals received plastic. The chi-square estimation of reactions from the age point of view on the use of plastic cash is noteworthy at 5 % level of criticalness. Subsequently, there is a solid relationship between the age and utility got from plastic cash use. In this manner, age is the essential variable to improve the use of plastic cash.

Usage of Plastic Money (Gender-wise)

Sexual orientation shrewd sentiments uncover what precisely is existing amongst male and female card clients and what they see about plastic cash. This segment will endeavor to investigate the card clients' observation sexual orientation shrewd. The outcome showed that the greater part of respondents (77.4%) was male and female respondents involved just 22.6 %.

Table 2 Usage of Plastic Money (Gender - wise)

Variable	Male
Debit card	51 (68.9)
Credit card	175 (80.3)
Total	226 (77.4)

$$\chi^2 = 4.07, df = 2, t\text{-value at } 5\% = 5.99$$

Note: Number in parenthesis show percentages

Table 2 demonstrates that out of the respondents who showed to have received Mastercards, 80.3% were male and just 19.7% were female. Similarly, 68.9% of check card adopters were male and 31.1% of the charge card adopters were females. This demonstrates male respondents utilize and receive more plastic cards than their partners. Chi-square estimation of reactions from the sex point of view on the use of plastic cash is unimportant at 5% level of noteworthiness. Thus, given the feeble relationship amongst sexual orientation and utility got from plastic cash utilization, this variable is autonomous in nature.

CONCLUSION

Plastic money is an extremely concept of replacing the traditional system and idea of

paying money through plastic card. Plastic money is a term authored keeping in see the expanding number of exchanges occurring with respect to shopper for paying for exchanges caused by them to buy merchandise and enterprises physically and for all intents and purposes. It incorporates credit card, check cards, prepaid adjust cards, and shrewd cards and so on. In our investigation, we are commonly concentrating just on credit card and check cards with a specific end goal to discover the viability of such cards, all things considered, and purchasers see them. Additionally we would endeavor to discover the particular regions that purchasers like to spend more through these cards and which out of the two do they lean toward for payment.

The improvement of plastic money is probably a standout amongst the most significant of the modern banking system, having immense effect on the financial sector. Presently banks are giving on the online facilities, payment system. Here, the term 'plastic money' is utilized transcendently in reference to the hard plastic cards which is utilized as a part of place of genuine financial certificates, for example,

debit card, Master cards, credit card, prepaid debit card and shopping card.

Use of plastic money has come as a type of comfort to money related foundation clients. Electronic administration is turning into a plausible alternative for dealings between financial specialist organizations and their customers. This electronic type of payment has broad centrality – prominently for India. Principally, it helps lining up with the worldwide budgetary administrations business by making the frameworks more capable and financially savvy. It Similarly bolsters in embraced the one of a kind difficulties India faces – the expansive unbanked society, the deregulated money economy and requirement for fiscal clearness. Plastic money yields numerous a greater number of advantages than just encouraging the substitution of money and checks for buyer exchanges. It has extensive effect on the economy in general through low exchange costs, expanded operational capability, enhanced money related system and an open door for the quickly developing Indian economy to additionally globalize. In the accompanying areas, existing writing and factors influencing

the shopper discernment towards the plastic money are talked about. An examination configuration has been utilized in light of the gathered information to anticipate the consumers' acknowledgment conduct.

In view of the discoveries of the exploratory factor investigation and corroborative factor examination from the reactions of the respondents, one might say that the recognition with respect to use of plastic money is comprehensively convinced by 3 factors, in particular, powerful factors, valuable components, and the issues of utilizing plastic cash. The discoveries proposed that the utilization of plastic money has the two upsides and downsides. The clients believe that utilizing of plastic money is renowned and it increases the value of their way of life. In addition, it is the safe method for exchanges to buy some particular items, plastic money has got inclination subject to its better ease of use, and installment through cards is advantageous over money installment. Yet at the same time there are a few obstructions that individuals are confronting while at the same time utilizing plastic money in Bangladesh, similar to, high loan cost,

innovative non accessibility and so forth that should be dealt with to get the full advantages of plastic cash.

It was seen through the factor investigation the significance of every factor for the choice of customers to choose any brands of debit cards. The relative significance of the factors can ready to produce the elements. The main factor 'idealness' related to acknowledgment, abnormal state of rebates in brand of plastic, exchange in ATM, rebates based on point framework and global exchange. The second factor 'circumstance' clarifies the choice of a brand of debit card relies on number of ATMs and separation of ATM from living arrangement. The third factor 'acknowledgment' clarifies the money back reward framework and boundless exchanges. The fourth factor 'biasness' clarifies the plastic is chosen due to impact of family and most prominent bank. The perceptual guide made through the multi-dimensional scaling method demonstrated that clients are more disposed towards private segment banks as opposed to the general population segment one. It gives individuals favor the private banks particularly ICICI the most. In the then

different banks like HDFC, PNB and SBI should give better offices with a specific end goal to catch consideration of the clients. Thus the examination reasons that client take care of the 'positivity' as far as advantages and 'circumstance' as far as offices factor while choosing a specific brand of debit card.

The Automated Teller Machine has changed individuals' ways of life and how the managing an account industry capacities. ATM's gives a considerable measure of advantages to the general population yet it has offered ascend to criminal exercises. The most imperative advantage the banks encounter is of giving its clients subsidizes as and when it is required. That is on account of the clients are more than glad and fulfilled. They can do different exchanges additionally and it has ended up being exceptionally useful to the clients. The managing an account industry should find a way to make its ATMs protected and secure for its clients.

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