

## Plastic Money: -It's Adoptability and Acceptability among Indian Consumers

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### ABSTRACT

*In the present scenario it is not possible to imagine modern life without plastic money. All kinds of commercial transactions and other forms of payments are done through plastic cards instead of traditional money. Polymer money is gradually holding its grip over traditional money in Indian consumer market. Undoubtedly, the growth in use of internet and smart phones has increased the use of sophisticated apps among the Indian consumers. But on the other hand the fact remains static that in a diverse country like India the acceptability of plastic money is a real challenge among the less educated, uneducated and people with limited means of earning. Hence this paper will make an attempt to highlight usage of plastic money in India and also to know the challenges faced in the acceptability of plastic money among the Indian Consumers'.*

**Keywords:** - Polymer money, Consumer, Plastic Cards, Technology.

### I INTRODUCTION

Plastic money or polymer money as it is usually called has now become an integral part of our life. Plastic money has slowly created a strong aura among the Indian customers. Plastic money as the name itself says that it is the substitute of paper currencies. Plastic money a term used for the hard plastic cards which are used as an alternative against the regular paper currencies. This plastic money is existent in many forms like credit cards, debit cards, store cards, pre-paid cards, green cards, etc. These cards have been introduced to make the money transfer systems hassle free. The presence of plastic money is not new. The first polymer money was used by the United States of America. The reference of Charge Cards cannot be ignored here. These cards did lay a foundation for the future debit cards and credit cards. The use of charge cards can be very well traced out since 1900s. These cards were used just to maintain and keep the loyalty of their customer towards the company (Bhawna Mukaria, 2018). In India polymer money came into existence in the 1990s but was not as popular as it is now. The acceptability and adoptability of plastic money faced a lot challenges due to the demographic factors of the Indian customers like their income, education, marital status, age, etc. The technological advancement has made the customer to change their perception towards acceptability of plastic money. Today many customers have changed their perception towards the use of plastic money and have started their business transactions through digital mode. Moreover, the wider acceptance on the use of plastic money was witnessed after the effect of demonetization declared by Hon'ble Prime Minister of India Shri. Narendra Modi on November 8th, 2016. This decision has changed the dimensions of the Indian consumer market. Demonetization has further increased the span of the use of plastic money in India. Due to this major decision by the Government of India the entire economic scenario of India has changed. This economic transition has also affected the consumer market and the behavioural pattern of the Indian

consumers. Polymer money or plastic money as it is usually referred has opened up other alternatives for making payment which until now was overruled by the traditional money otherwise. People now have started using more polymer money as the retailers and small businesses have also implemented the various convenient and easy options of doing the financial transactions and also their day to day business. Though lot many people have some insecurities in their mind regarding the use of plastic money, still it is very conveniently ruling the Indian market and the Indian consumers because of its ease in its usability. It all depends on the consumer as to how alertly they are making use of the plastic money in their day to day life. The world is now being globalised and credit cards, debit cards, smart cards etc., are all being globally accepted. Indian consumers in a sense started feeling connected to plastic money as they felt it to be more convenient provided better satisfaction as compared to complex cash transactions. These satisfactory elements increased the mobility of plastic money in India.

Although polymer money was existent prior to demonetization but its acceptability and adoptability among the Indian consumers has increased a lot after the enforcement of demonetization and also because of the continuous promotion by the government of India to use more of the digital modes of payments.

The modern Indian market and its customers are very much now into the alternative source of traditional money. A large number of Indian populations are enthusiastically using the plastic money in their day to day life. But as a researcher what bothers me is to learn the acceptability and adoptability levels of plastic money among the less educated group, illiterate group and low income group of people. How the consumer behavioural pattern among these group of people has been affected when the government is promoting its citizens to go more cashless. The question which always triggers into my mind is that, in a country like India with such a diverse distribution of market and consumers will it be ever possible to make our market go cashless completely

and how then the behaviour of the consumers will change.

## II OBJECTIVES

- (a) To study the usage of plastic money in India.
- (b) To study the challenges faced in the acceptability of plastic money in India.

## III REVIEW OF LITERATURE

Dr. Khillare S.K. and M. Limbore M. (2017) did a study of consumer's expenditure behaviour and its significance for using plastic money. Their study examines the perception of plastic money and its using and spending pattern among the consumers. This research was done on 212 customers. In their study they found that the convenience of plastic money makes it easy to use but at the same time if plastic money is not managed properly it may lead to overspending also, which may further lead to financial stress and burden.

Dr. Meera M. Rafiya, Padmaja R, Mohammed Abubakkar (2017) researched on customer attitude towards usage of plastic money. They analysed on how slow the traditional money was overruled by plastic money. They did a study on 100 respondents and found that most of their respondents were using plastic money for shopping, online purchases and were using it for buying expensive product. They also found that the customers preferred plastic money due to convenience in use and easy accessibility. Their study also revealed that a major problem found during their study was the transactional charges and the redundant formalities need to acquire the cards from the financial institutions.

Al-Amin M. Sultana, N. Nafi S.M. and Islam S.N. (2019) studied the perceptions about plastic money towards the sustainability in banking. To study this they collected response from 200 respondents and designed a quantitative research. Their study results revealed that the usage and financial benefits, convenience factors, and psychological factors influenced the customer's attitude positively. But at the same time their identified respondents also highlighted some problems as customers.

Amanj Mohamed Ahmed (2020) in his study analyzed the impact of use of credit cards on consumer's behaviour. This study was based on the response of 40 respondents. The study highlighted that people of Kurdistan region of Iraq are accepting the use of credit cards provided the service providers should provide proper services. Their study also says that the plastic money is making revolution in the modern banking sector across the world.

The research done by Eunicia Fernandes (2019) on consumer perceptions towards plastic money gives is a basis to understand the customer's mentality towards the utilization plastic money. This study was done through primary data collected from 100

respondents. The research basically studied the acceptability and the various factors affecting it. The study states the customers are increasingly learning to use plastic cash over paper cash.

## IV RESEARCH METHODOLOGY

The descriptive research approach is used in the paper. The secondary data from reliable sources, newspapers, research papers is used to analyse the trend and challenges in adoption of plastic money in India

## V CONCEPT OF PLASTIC MONEY

Plastic Money or also referred as Polymer Money is said to be made out of plastic, is a modern way of making payment for the goods and services. It is being used each day in place of bank currency notes. As stated in the Business Dictionary, plastic money is a generic term used for all types of bank cards, credit cards, debit cards, smart cards, Automated Teller Machine cards and charge cards. In past few years, there has been a drastic growth in the usage of plastic money among the people. It is so looked that plastic money is a better alternative to paper money or to the already existing standard money. Primarily there are two types of plastic money namely debit cards and credit cards. Their usage is vast; it is used for online banking online payment of bills, wire transfers, etc. Plastic money is beneficial for reducing the printing cost of the currency, helps to save the environment by less use of paper, works with the concept anytime-anywhere concept and many more. In India with the change in the concept of handling the market, the Indian market has also drastically changed from seller oriented to consumer oriented market. The modern concept of marketing concentrates on consumer market more as compared to seller market. The customer or consumer has become the king of the market. Things totally revolve around the customers. This transition of the market has evolved due the enhancement of consumer awareness. The modern consumers have learnt and adopted to do modern patterns buying. This eventually has also changed the buying and payment tendencies of the consumer. This was the point when the plastic money slowly started to hold its grip over the standard or traditional form of money.

## VI CURRENT SCENARIO OF PLASTIC CARDS

Today modern consumers cannot think their life without polymer money. The credit cards and debit cards have replaced the traditional money to a great extent. But we should not forget that along with emerging modern consumers we also have existent traditional consumers about whom we cannot be ignorant. Hence it will be interesting for us to learn

about the current scenario of plastic money in India. The feasibility and its user friendly feature have made it popular in Indian consumer market.

## VII TYPES OF PLASTIC MONEY

- (a) **Credit Cards:** A Credit Card is a plastic card bearing an account number assigned to a cardholder with a credit limit that can be used to purchased goods and services and to obtain cash disbursement on credit.



- (b) **Debit Cards:** Debit Cards are substitutes for cash or cheque payments much the same way that credit cards are.



- (c) **Charge Cards:** A charge card means of obtaining a very short-term loan for a purchase. It is similar to a credit card, except that the contract with the card issuer requires that the cardholder must each month pay charges made to it in full there is no

minimum payment other than the full balance. Since there is no loan, there is no official interest. A partial payment results in a severe late fee and the possible restriction of future transactions and risk of potential cancellation of the card.



- (d) **Master Card** A smart card is a plastic card embedded with a computer chip that stores and transacts data between users. This data is associated with either value or information or both and is stored and

processed within the card's chip, either a memory or microprocessor. The card data is transacted via a reader that is part of a computing system.



- (e) **ATM Cards** These cards are typically used at ATMs to withdraw money, transfer funds and make deposits. ATM cards are used by inserting the card into a machine and enter a

PIN or personal number for security purpose. The system checks the account for sufficient funds before allowing any transaction.





### VIII RECENT TRENDS OF PLASTIC MONEY IN INDIA

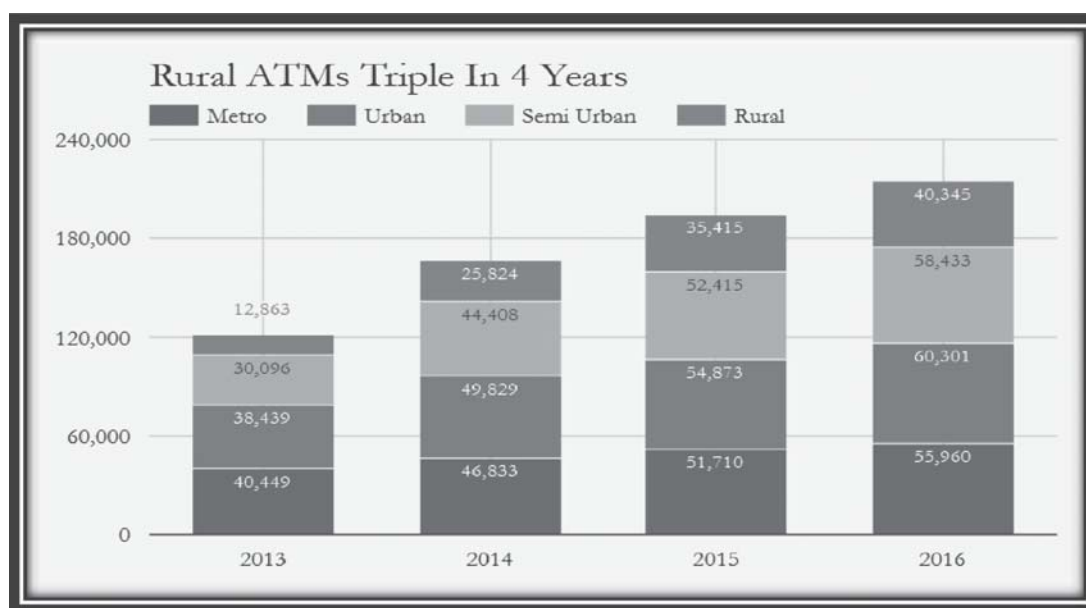
India is one of the world's fastest growing economies. The electronic transactions have become more secure, convenient and have made ecommerce safer. The next five years will be very exciting period in India. It is expected that more development, innovation and infrastructure building will take place. The country's robust demand growth will aggravate the need for faster and simpler, payments and we will see not only a shift from cash to electronic payments but newer modes of electronic payments growing and replacing existing technologies. The growth of plastic money can be classified into two main perspectives, infrastructure and consumer perspective.

- (a) **Convenience:** - Plastic money provides an easy way to make financial transactions without carrying cash. It also provides the benefits of anywhere and anytime banking.
- (b) **Check Counterfeiting:-** The proposed plastic currency notes will reduce the chances of counterfeiting
- (c) **Long life of Plastic Currency Notes:** - The proposed plastic currency notes will have the life of five years as against one-year life of paper currency notes.
- (d) **Check on Black Money:-** It is possible to trace the financial transactions done through cards. Developing a culture of plastic money will make it easy for the government to trace black suspected black money sources.
- (e) **Supports Growth of E-commerce:** - The use of cards has supported the growth of e-commerce. Growth of e-commerce enhances cost-effectiveness and alternative channels to improve economic growth.
- (f) **Power of Purchasing:** - Debit or Credit cards made it easier to buy things. Now we do not have any need to carry money in a large amount. Plastic money is accepted at any time and everywhere.
- (g) **Time-Saving:** - one can purchase anything from any place through a credit card or debit card without spending money on fare or cash transaction. You have to provide your card details to seller store or corporations and settle your order. It saves time in the transaction by debit and credit card.
- (h) **Safety:** - In case, if an individual loses the cards, then he/she may contact the bank or financial institution, which provides the cards. The financial institution or bank will block the account and no-one can draw a single penny without your permission.

## IX ELECTRONIC PAYMENT SYSTEM IN INDIA



Source: [https://www.google.com/search?q=electronic+payment+system+in+india&tbm=isch&hl=en&rlz=1C1RLNS\\_enIN904IN904&hl=en&ved=2ahUKEwi0vpvBmffpAhUb6HMBHayeBDkQgowBegQIARAR&biw=1423&bih=789#imgcr=h9zdnkmrGv4IFM&imgdii=WDbScK27VxxLM](https://www.google.com/search?q=electronic+payment+system+in+india&tbm=isch&hl=en&rlz=1C1RLNS_enIN904IN904&hl=en&ved=2ahUKEwi0vpvBmffpAhUb6HMBHayeBDkQgowBegQIARAR&biw=1423&bih=789#imgcr=h9zdnkmrGv4IFM&imgdii=WDbScK27VxxLM)



Source: [https://www.google.com/search?q=recent%20trend%20of%20%20using%20plastic%20money%20in%20in%20dia&tbm=isch&hl=en&hl=en&tbs=rimg%3ACY7twIFZWbCbImDBXoOQvmRFuE-HWR8xdy79yI4sKEPobfgGidJWSCDWF0QJ8iWO-JKYZ7MdhNP1QzdtjUC0PsSUMSNhgbRPRDvEbaQj5apetcLhd5lkgpqNsMZ\\_1kgERH3V\\_1uZbt2MqADkqEgnBXoOQvmRFuBGox1Z8HgMS4CoSCU-HWR8xdy79EeAn-LYCp-l0KhIJyI4sKEPobfgRx9GtchQ16Z8qEgkGidJWSCDWFxHbObs68BSxLSO SCUQJ8iWO-JKEfyzEWG0ThB-KhIJYZ7MdhNP1QwRwFW6lPne6dsqEgndtjUC0PsSUhG5T\\_1I-bamfbioSCWSNhgBRPRDvEQrxBiQfvo3MKhIJEbaQj5apetcR2UotxoTcO4gqEgkLhd5lkgpqNhF7mzJRD3EWsioSCeMZ\\_1kgERH3VERNvoavPhmpBKHIJ\\_1uZbt2MqADkRrb6xFd8krpFhreD4Nzyltd4&rlz=1C1RLNS\\_enIN904IN904&ved=0CBsQuIBahcKEwiYwKG2zvfpAhUAAAAAHQAAAAAQBg&biw=1423&bih=740#imgcr=SG8hqCzmUWoVSM&imgdii=qUnnYnKwlvurYM](https://www.google.com/search?q=recent%20trend%20of%20%20using%20plastic%20money%20in%20in%20dia&tbm=isch&hl=en&hl=en&tbs=rimg%3ACY7twIFZWbCbImDBXoOQvmRFuE-HWR8xdy79yI4sKEPobfgGidJWSCDWF0QJ8iWO-JKYZ7MdhNP1QzdtjUC0PsSUMSNhgbRPRDvEbaQj5apetcLhd5lkgpqNsMZ_1kgERH3V_1uZbt2MqADkqEgnBXoOQvmRFuBGox1Z8HgMS4CoSCU-HWR8xdy79EeAn-LYCp-l0KhIJyI4sKEPobfgRx9GtchQ16Z8qEgkGidJWSCDWFxHbObs68BSxLSO SCUQJ8iWO-JKEfyzEWG0ThB-KhIJYZ7MdhNP1QwRwFW6lPne6dsqEgndtjUC0PsSUhG5T_1I-bamfbioSCWSNhgBRPRDvEQrxBiQfvo3MKhIJEbaQj5apetcR2UotxoTcO4gqEgkLhd5lkgpqNhF7mzJRD3EWsioSCeMZ_1kgERH3VERNvoavPhmpBKHIJ_1uZbt2MqADkRrb6xFd8krpFhreD4Nzyltd4&rlz=1C1RLNS_enIN904IN904&ved=0CBsQuIBahcKEwiYwKG2zvfpAhUAAAAAHQAAAAAQBg&biw=1423&bih=740#imgcr=SG8hqCzmUWoVSM&imgdii=qUnnYnKwlvurYM)

## X CHALLENGES IN THE ACCEPTABILITY OF PLASTIC MONEY

The 21<sup>st</sup> century working pattern has become technology driven and moreover customer driven. The marketers are facing competition and rising consumer expectations. The marketers are continuously making efforts to improve the efficiency, productivity, reduce the cost of production, enhance the availability factors, so that the consumer convenience can be achieved. The technology driven

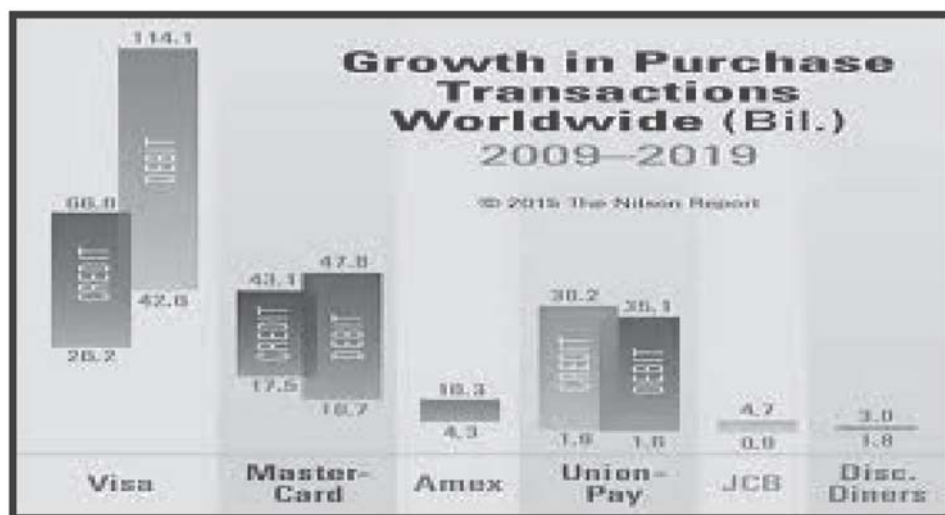
marketing methods viz, mobile banking, net banking, UPI, ATM cards and using other modern forms of making e-payment has created convenience for the Indian consumers to a great extent.

The Indian market is a diverse market. On one hand there are consumers who are quite comfortable in using the modern forms of electronic payment and on the other hand there are consumers who are still afraid of using polymer money. The concern lies here that in spite of India being one of the fastest growing economies cash is still the king of the Indian market. In my opinion what restricts people from using more

plastic money is because of lack of awareness and the security concerns as, a major section of the Indian society comes from less educated background or uneducated background. There are also people from limited means group and low earning group. These group of people think twice before spending their money. This is challenge area which to be worked upon by the government of India so that the marketing avenues and circulation of polymer money in these sections of the society also increases. Strategies can be made to emphasise on the differentiated use of plastic money by enhancing the characteristics of polymer money. The use of internet has increased in the recent times, not only in learned groups but it has also increased among the other demographic groups. Hence if proper measures at the bottom level of the society is taken by the government then slowly but surely the awareness of polymer money can be increased in the concerned areas.

## XI GROWTH AND FUTURE PROSPECTS OF PLASTIC MONEY

The above review presents us some interesting facts about the acceptability of polymer money. In the study it was observed that, in spite of so many challenges faced in the acceptability of polymer money there has been a steep rise in the use of plastic money in the past few years. Although gradually but people have started to adopt plastic money in their day to day life. Seeing this gradual growth the government has also started to take attractive measures to enhance the use of plastic money in India. And it would be not incorrect to say here that despite of many challenges India will also succeed to become more cashless to the maximum of its limit. Yes, the fact remains challenging here that probably the complete cashless economy might not be possible because of the diverse population and so many demographic constraints which is a major hurdle in this concept. It is because of this reason only that cash is still the king of Indian market till date.



Source: [https://www.google.com/search?q=growth+of++plastic+money+in+india&tbm=isch&ved=2ahUKEwit2qbLtvnpAhWZcH0KHSamDL8Q2-cCegQIABAA&oeq=growth+of++plastic+money+in+india&gs\\_lcp=CgNpbWcQDDIECAAQGFD6uwVY\\_N4FYJXxBWgBcAB4AIAB\\_gGIAcgQkgEFMC4yLjiYACGgAQGqAQtd3Mtd2l6LWltZw&sclient=img&ei=XPbhXq28EZnh9QOmzLL4Cw&bih=740&biw=1423&rlz=1C1RLNS\\_enIN904IN904&hl=en&hl=en#imgsrc=2PusmcxPNpGPvM&imgdii=HHYHESKjdO5MKM](https://www.google.com/search?q=growth+of++plastic+money+in+india&tbm=isch&ved=2ahUKEwit2qbLtvnpAhWZcH0KHSamDL8Q2-cCegQIABAA&oeq=growth+of++plastic+money+in+india&gs_lcp=CgNpbWcQDDIECAAQGFD6uwVY_N4FYJXxBWgBcAB4AIAB_gGIAcgQkgEFMC4yLjiYACGgAQGqAQtd3Mtd2l6LWltZw&sclient=img&ei=XPbhXq28EZnh9QOmzLL4Cw&bih=740&biw=1423&rlz=1C1RLNS_enIN904IN904&hl=en&hl=en#imgsrc=2PusmcxPNpGPvM&imgdii=HHYHESKjdO5MKM)

## XII CONCLUSION

Polymer money undoubtedly is getting a positive response from the Indian consumers due to the convenience factor. The modern consumers are more interested in making payment through cards rather than in cash. This has surely increased the use of polymer money in India. This drastic change among the Indian customers is due to the major socio-technological changes taking place in the Indian consumer market. The Indian market is observing an increased availability of modernised technologies that can overrule the cash transactions. But every coin has two sides. Likewise on the other hand the

demerits of polymer money cannot be overlooked. One of the major concern for common man is the security concern, lack of proper technological knowledge, the rigid and traditional mind frame of Indian consumers who still prefer to use the traditional money. Yes, but surely with the advancement of technology and improvised modern payment system has definitely led to the growth in polymer money in India. This advancement has seen a positive transition more after the demonitization decision taken by our Hon'ble Prime Minister Shri Narendra Modi in November 2016. Post demonitisation the use of polymer money has triggered in India. The flexibility element will surely

enhance the penetration of polymer money in India in semi urban and rural areas.

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