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## A Study on Extent of Usage of Plastic Money among Card Holders in Hyderabad District

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**Abstract:** The banking system which is considered as one of the most important sector in the development of the economy, apart from their traditional activity of accepting deposits and lending loans has diversified their service in different areas. One of the most useful innovations of the past few decades was the introduction of plastic money that has replaced the traditional concept of cash payment or paper money. It was introduced in 1990's in India. At that time it was not very popular. The change in income, occupation, marital status, education level etc of people and up gradation of technology has brought relevant changes in consumer preference. Till demonetization in India in the year 2016, 90% of personal consumption expenditure was made with cash. Demonetization changed the usage pattern of plastic money among people. This paper aims to study the demographic and socio economic profile of cardholders and the level of extent of usage of plastic money. The data for the study has been collected by using both primary and secondary method. The study found that the extent of usage of plastic money is moderate by the card holders and it is inferred from the study that the most attracting factor that leads to the usage of plastic money is time saving followed by anytime access. But still there are people who hesitate to use cards due to unawareness of benefits of using cards or due to security reasons. Hence the banking sector and the government should educate the people of these places about the benefits of using cards and also should conduct awareness programs on plastic money.

**IndexTerms** - Plastic Money, Cardholders, Demonetization, Attractiveness, Satisfaction, Convenience

### I. INTRODUCTION

The reforms in Indian Financial System both in capital and money market have transformed the phase of Indian economy. Its transformation from barter economy to paperless economy eased financial transactions and also contributed to the economic growth of the country. The banking system which is considered as one of the most important sector in the development of the economy serves the goals of economic policies by ensuring equitable distribution of income, balanced and stable regional economic progression. Today, banks apart from their traditional activity of accepting deposits and lending loans has diversified their areas in insurance, mutual funds, stock trading, housing finance, pension funds, investment banking etc. the new economic environment of Indian banks is highly competitive due to liberalization of financial sector and new regulatory requirements. This compelled the banks to transform every sphere of their activities especially governance, nature of business, style of functioning, and rendering of service mechanism. The scenario of Indian banks are changing day by day due to newly improved and innovative facilities like internet banking, ATMs, tele banking, mobile banking, POS terminals, RTGS, universal banking, any branch banking, core banking, financial inclusion, plastic money etc. Among these one of the most useful innovations of the past few decades was the introduction of plastic money that has replaced the traditional concept of cash payment or paper money. The era of plastic money started in the form of debit card and credit cards. Variants of plastic money are used as substitutes for currency. Today people uses these plastic cards to access money easily. Now a day's wallets and plastic money have become a necessity. The importance and usage of plastic money has increased with the announcement of demonetization in which currencies of Rs.500 and Rs.1000 has been ceased to be a legal tender and also to make Indian economy a digital economy. The customers in India today find it easier to make physical payment through plastic cards rather than carrying too much of cash. Thus the use of plastic money has drastically increased in this era and people prefer plastic cards over traditional money.

### 2. REVIEW OF LITERATURE

Dr. Gurupreet Kaur Mrs. Rashmi Sharma (March 2017) worked on a paper titled "Plastic money a way forward for cashless transaction." The research found that majority of customers use plastic money. It is getting accepted in the market place by both consumers and business. But for the wider use of plastic money banks should train the customers on its usage. Along with this

banks are also facing certain challenges like non-recovery of funds from credit card holders. Hence there should be a proper recovery system.

Dr. Jaisu Antony (2018) in his research paper titled “A study on the impact of plastic money on consumer spending pattern”, found that the convenience of plastic money makes it easy to spend beyond means even though it has many advantages. If it is not managed properly it will lead the card holders to overspending, financial burdens and financial stress. Hence the selection of mode of money should depend on the mode that helps the consumers more to have a better control over the hard earned money. Sukhwinder Kaur (2018) in his paper titled “Relevance of plastic money, study based on Faridkot district” results that the study has focused on the convenience and ease of using plastic money while shopping or using plastic money for payment. The time saving and portability are the two main things that attract the customers for using the plastic money. At the same time security issues related to the use of plastic money hesitate the customer from using the plastic money.

Anil I Ramdurg and Dr. Basavaraj CS (2017) in the paper “Demonetization: Redefining Indian economy” says that Demonetization is a general measure to mitigate the problems of black money and counterfeit notes though there are specific measures to tackle the same menace. It is usually, immediately or simultaneously followed by remonetization as there is no other way.

Virendra Pandit (2016) in his article “India skip plastic money, leapfrogs into mobile wallet payments” says that India has virtually jumped the intermediate stages- cordless telephones and plastic money of this technological revolution and quantum jumped into cellular telephony and digital banking transaction.

### 3. RESEARCH METHODOLOGY

#### 3.1 Objectives Of Study

- (1) To study the demographic and socio-economic profile of card holders in Hyderabad district.
- (2) To study the level of extent of usage of plastic money by card holders.

#### 3.2 Need For The Study

A dramatic revolution in payment methods has been made through the plastic cards. The use of plastic money is increasing day by day especially after demonetization and digitalization of Indian economy. This study is related to the extent of plastic money usage. Reviewing the literature is divided into three factors i.e. the factors that attract the card holders to use their plastic money, the factors that satisfy the card holders and the purpose of using the cards. In the reviewed literature there were hardly any study related to the extent usage of plastic money. i.e. the study on attractiveness factors, satisfying factors, and the purpose of using cards. The growing recognition of plastic money increases the usage and preferences. Hence there is a need to study on the extent of usage of plastic money among card holders in kanyakumari district.

#### 3.3 Sources Of Data

1. Primary data are collected through questionnaire which was distributed among card holders in Hyderabad district.
2. Secondary data are collected from journals, publications, books, internet, reports etc.

#### 3.4 Sample Design

Population of the study is the cardholders of kanyakumari district out of which the size of sample is 400 cardholders. The sampling technique is convenience sampling method.

### 4. DATA INTERPRETATION

For analysis purpose of the study the data have been collected through secondary sources. For this purpose data were collected from 400 cardholders in Hyderabad district.

#### 4.1. Demographic and Socio Economic Profile of Cardholders

In this study, the demographic and socio-economic profile includes cardholder's gender, marital status, age, educational qualification, employment status, occupation, monthly income, type of account and limit of using the plastic money in a month.

#### Frequency Distribution of Demographic and Socio Economic Profile of Cardholders

Table 1

Frequency Distribution of Demographic and Socio Economic Profile of Cardholders

Demographic and Socio economic Profile of Cardholders	Variables	Frequency of Variables	Percentage
Gender	Male	264	66
	Female	136	34
	<b>Total</b>	<b>400</b>	<b>100</b>
Age Group	20-30	192	48
	31-40	145	36.2
	Above 40	63	15.8

	<b>Total</b>	<b>400</b>	<b>100</b>
<b>Marital Status</b>	Single	135	33.8
	Married	265	66.2
	<b>Total</b>	<b>400</b>	<b>100</b>
<b>Educational Qualification</b>	Up to HSc	64	16
	UG	152	38
	PG	184	46
	<b>Total</b>	<b>400</b>	<b>100</b>
<b>Occupation</b>	Government	75	18.8
	Private	219	54.8
	Professional	73	18.2
	Others	33	8.2
	<b>Total</b>	<b>400</b>	<b>100</b>
<b>Monthly Income</b>	Below 20000	81	20.2
	20000-30000	88	22
	30000-50000	135	33.8
	Above 50000	96	24
	<b>Total</b>	<b>400</b>	<b>100</b>
<b>Type of Bank</b>	Nationalized Bank	209	52.3
	Private Bank	90	22.5
	Both	101	25.2
	<b>Total</b>	<b>400</b>	<b>100</b>
<b>Type of account</b>	Saving	387	96.8
	Current	13	3.2
	<b>Total</b>	<b>400</b>	<b>100</b>
<b>Number of times use debit and credit cards per month</b>	Up to 5 Times	149	37.2
	6-10 Times	151	37.8
	11-15 Times	45	11.2
	Above 15 Times	55	13.8
	<b>Total</b>	<b>400</b>	<b>100</b>
<b>Amount spent limit done every month through debit/credit cards</b>	Below 10000	157	39.2
	10000-20000	136	34
	Above 20000	107	26.8
	<b>Total</b>	<b>400</b>	<b>100</b>

In this study, the demographic and socio-economic profile includes cardholder's gender, marital status, age, educational qualification, employment status, occupation, and monthly income, type of account and limit of using the plastic money in a month. In the above table gender shows the composition of male as 66% and female as 34 %. Thus, it can be interpreted that most of the males in kanyakumari district are card holders in comparison with females. The analysis on age group of cardholders infers that the important age groups using plastic money are less than 30 years and followed by above 30 years in the present study. The respondents using plastic money is classified into two important groups namely youngsters and elders. The youngsters are the customers with the age of 30 and less than 30 years whereas the elders are the respondents with the age of above 30 years. The marital status shows that 265 (66.2%) respondents are married and 135 (33.8%) are single. Most of the cardholders are married. As per the figures on educational qualification, 16% of cardholders are educated up to higher secondary, 38% of respondents at UG level and 46% of respondents at PG level. Thus majority of the respondents are post-graduates. Based on the occupation figures it is inferred that private sector employees contribute major share in the study. Considering the monthly earnings of the respondents all income groups are equally distributed in holding the plastic money. The majority of cardholders involved in the

study are holding account in nationalized banks. Majority of respondents have savings account. Based on frequency of using the cards it is represented that majority of cardholders use plastic cards less than 10 times. Spending limits shows that the majority of respondents use the plastic cards for a limit less than 10,000 rupees.

#### 4.2. The Level of Extent of Usage of Plastic Money among Cardholders in Hyderabad District

In this study the extent of usage of plastic money is identified by three factors which include attractiveness, convenience or satisfaction and the purpose of using the cards by cardholders. The attractiveness factor is the factor which attracts the cardholders to use the cards like advisory services, anytime access, cash back policy, credit limit, discount received on cards while shopping online, easy pay scheme, friendly staff gift vouchers, good branch networks, high speed transactions, interest rate, loyalty rewards, many number of cash machines, prestige or social status, processing time, quick response, security, time savings, low transaction cost and wide range of services. The convenience or the satisfaction on using the cards are measured using the variables like anywhere anytime transaction, easy balance enquiry, e-shopping, easy to carry the cards, simple to use, easy to access money, possibility of smooth shopping, no need to carry cash around, reliability, reduce theft and possibility of smooth shopping. The purpose of using the cards includes online fund transfer, online payments, for paying hotels and restaurant bills, shopping, medical bills, to meet travelling expenses, hospital bill payments, fuel expenses, utility payments, emergency cash withdrawal, portability, credit limit on credit cards, international usage, investment and OD facility in debit cards. The analysis on the extent of usage of plastic money by cardholders is done using different statistical tools. The table given below shows the frequency distribution and mean and standard deviation of extent of usage of plastic money.

- Frequency distribution of Extent of Usage of Plastic Money by Cardholders**

**Table 2**  
**Extent to Usage of Plastic Money**

Extent of usage	Frequency	Percent	Valid Percent	Cumulative Percent
Low	108	27.0	27.0	27.0
Moderate	189	47.2	47.2	74.3
High	103	25.8	25.8	100.0
Total	400	100.0	100.0	

From the above table, it is evident that most of the cardholders are of the view that the extent of usage of plastic money is moderate. They neither use it heavily nor lightly.

- Factors Attracting the Usage of Plastic Money**

**Table 3**  
**Mean and standard deviation of factors affecting the usage of plastic money**

Attracting Factors	Mean	SD
Advisory Services	3.590	1.153
Any time access	4.135	.948
Cash Back policy	3.595	1.177
Credit limit	3.560	1.151
Discounts received on cards while shopping online	3.758	1.143
Easy pay scheme	3.780	1.136
Friendly Staff	3.448	1.271
Gift vouchers	3.465	1.256
Good branch networks	3.573	1.176
High speed of transactions	3.923	1.060
Interest rate	3.428	1.178
Loyalty Rewards	3.505	1.150
Many Number of Cash Machines (ATMs)	3.610	1.165
Prestige or social status	3.833	1.137
Processing Time	3.963	.976
Quick Response	3.893	1.088
Security	3.873	1.084
Time Saving	4.225	.981
Transaction Cost	3.548	1.160
Wide range of services offered	3.613	1.118

From the above table it is evident that most attracting factor that lead to the usage of plastic money is time saving factor with a Mean of 4.225 and SD of 0.981 and next factor is any time access with a Mean of 4.135 and SD of 0.948. The other factors like

processing time (Mean 3.963, SD 0.976), high speed of transaction (Mean 3.923 SD 1.060), quick response (Mean 3.893 SD 1.088), Security (Mean 3.873 SD 1.084), prestige and social status (Mean 3.833 SD 1.137), easy pay scheme (Mean 3.780, SD 1.136), discount received on cards (Mean 3.758, SD 1.143), wide range of services (Mean 3.613, SD 1.118), many number of cash machines (Mean 3.610, SD 1.165), Cash back policy (Mean 3.595 SD 1.177), advisory services (Mean 3.590, SD 1.153), good branch networks (Mean 3.573, SD 1.176), credit limit (Mean 3.560, SD 1.151), transaction cost (Mean 3.548, SD 1.150), loyalty rewards (Mean 3.465, SD 1.150), gift vouchers (Mean 3.465, SD 1.256), friendly staff (Mean 3.448, SD 1.271) and interest rate (Mean 3.428, SD 1.178) have less impact on attracting the cardholders.

- **Convenience or Satisfaction Factors for Using Plastic Money by Cardholders**

**Table 4**

**Mean and SD of convenience or satisfaction in using plastic money by cardholders**

Convenience / Satisfaction Factors	Mean	SD
Anywhere anytime transaction	4.263	.860
Cards are accepted anywhere	3.930	1.024
Don't carry cash around	3.880	1.108
E- shopping	4.085	.964
Easy to access money	3.965	1.013
Easy Balance enquiry	4.105	.912
Easy to carry the card	4.053	.971
Reduce theft	3.735	1.090
Reliable	3.810	1.033
Simple to use	4.037	.956
Smooth Hassle free travelling is possible	3.650	1.134
Smooth Shopping is possible	3.885	1.027

Table 5.13 illustrates that the cardholders are highly convenient and satisfied with the factor that the plastic money can be used anywhere and also anytime transaction is possible with a Mean of 4.263 and SD of 0.860. The respondents are also satisfied with the factors like easy balance enquiry (Mean 4.105, SD 0.912), e-shopping (Mean 4.085, SD 0.964), easy to carry the cards (Mean 4.053, SD 0.971), simple to use (Mean 4.037, SD 0.956), easy to access money (Mean 3.930, SD 1.024), possibility of smooth shopping (Mean 3.885, SD 1.027), no need to carry cash around (Mean 3.880, SD 1.108), reliability (Mean 3.810, SD 1.033), reduce theft (Mean 3.735, SD 1.033) and possibility of smooth hassle free shopping with a Mean of 3.650 and SD of 1.134.



- The purpose of using plastic money by cardholders

Table 5

## Mean and SD of purpose of using plastic money by cardholders

Purposes	Mean	SD
Credit Card Facility	3.630	1.256
Emergency cash withdrawal	3.848	1.052
Fuel	4.023	.997
Hospitals	4.068	.941
Hotels/Restaurants	4.133	.926
International Usage	3.443	1.319
Investments	3.270	1.257
OD Facility in debit cards	3.170	1.247
Online payments	4.140	.971
Online fund transfer	4.175	.950
Portability	3.685	1.102
Shopping	4.130	.959
Travelling	4.068	1.018
Utility Payments	4.003	1.037

Table 5.14 shows that most of the respondent's main purpose of using plastic card is online fund transfer with a Mean of 4.175 and SD of 0.950. The second most common purpose of using it is for online payments with a Mean of 4.140 and SD of 0.971. The other purposes like using the plastic cards in hotels and restaurants (Mean 4.133, SD 0.926) shopping (Mean 4.130, SD 0.959), medical bills (Mean 4.068, SD 0.941) are also the reason for using the plastic cards. The respondents have given equal weightage to purposes like to meet travelling expenses and hospital bill payments with a Mean of 4.068 and SD of 0.941 and 1.018 respectively. It is backed by the purposes like fuel expenses (Mean 4.023, SD 0.997), utility payments (Mean 4.003, SD 1.037), emergency cash withdrawal (Mean 3.848, SD 1.052), portability (Mean 3.685, SD 1.102), credit card facility (Mean 3.630, SD 1.256). The reasons like international usage (Mean 3.443, SD 1.319), investment (Mean 3.270, SD 1.257) and OD facility in debit cards (Mean 3.170, SD 1.247) are least preferred by the cardholders.

- The Overall Extent of Usage of Plastic Money

Table 6

## Mean and SD of the overall extent of usage of plastic money

Factors Affecting the extent of usage of plastic money	Mean	SD
Attractiveness	74.31	10.99
Convenience / Satisfaction	47.40	6.30
Purpose of using plastic card	53.78	7.07

The above table considers the overall Mean and standard deviation of the extent of usage of plastic money. The three factors affecting the extent of usage are attractiveness, convenience or satisfaction and purpose of using plastic money. Out of which attractiveness of plastic money is influencing the extent of usage with a Mean of 74.31 and SD of 10.99. The second most factors which influence the cardholder is its purpose it serves with a Mean of 53.78 and SD of 7.07. The third and the least factor that influence the cardholder is the convenience or satisfaction with a Mean of 47.40 and SD of 6.30.5.

## 5. FINDINGS

The first objective is to analyze the profile of the cardholders. The demographic profile of the cardholders like gender, age, marital status, educational qualification, occupation, type of account, monthly income, number of times cards used in a month, amount spend on cards etc were analyzed in detail in table 5.1 where in it has been found that majority of respondents are male. The important age groups using plastic money are less than 30 years and followed by above 30 years as per the study. Most of the respondents are married. Majority of the respondents are post-graduates. Private sector employees contribute major share in

the study. All income groups are equally distributed in holding the plastic money. The majority of cardholders involved in the study are holding account in nationalized banks with savings account. Majority of cardholders use plastic cards less than 10 times and spending limit is less than 10000 rupees per month.

The second objective is to identify the extent of usage of plastic money and usage pattern of customers in using plastic money. It is inferred that the extent of usage of plastic money is moderate by the cardholders. They neither use it heavily nor lightly. It is observed that the most attracting factor that leads to the usage of plastic money is time saving followed by anytime access. It is observed that the card holders are highly convenient or satisfied with the factor that the cards can be used anywhere and that anytime transactions are possible. It is inferred that the main purpose of using the plastic cards by cardholders is for online fund transfers followed by online payments also. It is inferred that the factor which mainly affect the extent of usage of plastic money is attractiveness factors.

## 6. CONCLUSION

Plastic money made a revolution in the banking sector and also in the spending pattern of consumers in the world. It has many benefits as compared to paper money. The consumers are influenced by many factors. Some are influenced by the attractive factors, some influenced by its convenience factors and some are by the purpose of it. The study shows that most of the card holders are influenced by attractiveness factors like advisory, service, anytime access, cash back policy, credit limit, easy pay schemes, loyalty rewards, gift voucher, good branch networks, many number of cash machines etc. But still there are people who hesitate to use cards due to unawareness of benefits of using cards or due to security reasons. Hence the banking sector and the government should educate the people of these places about the benefits of using cards and also should conduct awareness programs on plastic money. As India is on the way to become a digital economy it is the responsibility of the government to make awareness about the use of plastic money to its people.

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