



# CUSTOMER PERCEPTION TOWARDS PLASTIC MONEY IN TAMILNADU

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## ABSTRACT

The paper has been undertaken to study the perception of the respondents towards 10 factors related to Plastic card usage in Tamil Nadu. The sample size was 200 respondents who are using Plastic card in the study area. The researcher collected primary data through the questionnaire. The researcher applied a simple percentage and Mean Score as statistical tools. Especially, a high positive perception was found in the services of prompt receipt of the monthly statement, prompt receipt of e-statement, good security system on online payments. The perception level was low in case of convenient payment modes. It was also found that there was a significant difference between the gender of the respondents and their perception level on 10 factors. There was a significant difference between income and perception level and age and perception level on all the factors of perception.

## Keywords:

*Debit card, credit card, plastic money, paper money, transactions, and financial institutions*

## INTRODUCTION

In India, banks are increasingly using information technology for improving the quality of customer service and also for better marketing of their products. This technology has converted the traditional banking into e –banking. The electronic transaction have also become more secure, more convenient, authentication and made ecommerce safer. The country robust demand growth will necessitate the need for quicker, simpler, frictionless payment and we will see not only shift from cash to e– Payment but newer modes of e – Payment growing and replacing existing technologies.

Plastic money is replacing traditional concept of paying through cash. It increasing number of transactions taking place on the part of consumer paying for transaction incurred by them to purchase goods and services physically virtually. Now a day's modern clinet cannot think of without the facility of

plastic card. The plastic money comprising credit cards, smart card, Debit card, Charge card, stored value cards, petro card etc.

Plastic money means Credit card in simple languages. An interest rate up to 42 percent being charged by the companies offering such facilities has increased the consumption limit. The consumers must use this provision but also ensure that they are not made beyond the capacity of their survival. The competitive world definitely is pushing in more and more players to offer such a service but it is the customer who should know to evaluate the pros and cons of utilizing this new revolutionary concept in the world of fast-changing world of Business. Growth must happen and the life of the customers must modernize. At the same time, it should be ensured that unwanted and uninterrupted use of this facility does not lead to unwanted complications. Perception is an important aspect which is to be given importance in marketing studies. Perception is what the customers are actually expecting on the products from the seller or service providers.

Credit cards have changed the lifestyle of people at all levels. Even though there was a time when rich people used to mobilize the usage of the credit cards but at present, so many facilities have eased the middle and lower classes also to use the facility of the revolution in the world of Credit cards. Of course, such a system and the usage also have certain disadvantages like misrepresentation by hefting the code words, frauds committed etc. Since cash can be paid later, almost 50 to 60 percent backlog has increased and the business community also ends up making loss sometimes by availing such a facility endlessly. Even a smaller amount of Rs.100 till lakhs worth transactions is the specifying limit in such deals of using the plastic money concept.

## **TYPES OF CARDS**

### **CREDIT CARD**

A credit card is a card issued by a financial company giving the holder an option to borrow funds, usually at point of sales. Credit card charges interest and are primarily used for short term financing. Interest usually begins one month after a purchase is made, and borrowing limits are pre-set according to the individual's credit rating

### **DEBIT CARD**

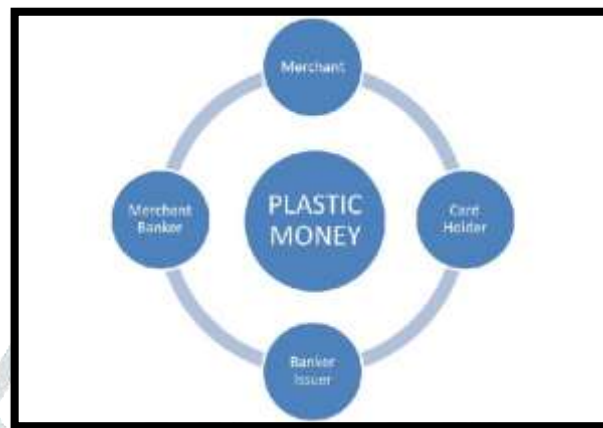
Debit cards are also known as a bank card or check card .it is a plastic payment card that can be used instead of cash when making purchases. it is similar to a credit card, but unlike a credit card ,the money comes directly from the user's bank account when performing a transaction

### **SMARD CARD**

The smart card is a relative new comer in the retail payment system. It is e- money with a huge potential usage. It has an integrated circuit with a microprocessor chip, embedded in it, which gives it wide

capacity in performing many calculations, faster and accurately than an accountant. It does maintain records, statements and acts as an electronic purse, storing e – money. It is useable for drawing cash and makes payments with automatic facility of keeping accounts of balances of the party.

### STRUCTURE OF E-PAYMENT SYSTEM IN PLASTIC MONEY



#### STATEMENT OF THE PROBLEM:

Plastic money is a very recent context replacing the traditional concept of paying through cash. Plastic money which is an important component of modern banking industry has become a popular payment and borrowing instrument in developed and developing countries due to its various advantages to customers, merchants and banks. It is used as a convenient mode of carrying money and also to supplement the paper money. The study shows that the preference to go for plastic money has a positive association with the easy use of plastic money because the precept of credit card usability is linked with a psychological phenomenon that people are likely to spend less with credit card and spend more with the same amount of cash on hand in the same budget and this precept also linked with the consumer self-convenience. People are not aware of the concept of plastic money at all. Most of the respondents use plastic money for their transactions and possess at least one such card.

#### SCOPE OF THE STUDY

The paper money has small life cycle and it cannot be recycled as compared to plastic money because which has long life cycle and can be recycled for further utilization. Due to this problem faced with the paper not the invention of payment has be introduced. It is secured and cannot be copied. It accepted worldwide and one can keep the huge amount with oneself while going anywhere in the world.

#### OBJECTIVE OF THE STUDY

- ✓ Analyze the usage of plastic money with respect to amount of transaction.
- ✓ To examine the satisfaction level of customers in the usage of plastic money.
- ✓ To study consumers' reasons for preference of plastic money over hard cash

## RESEARCH METHODOLOGY

For the said present research study is based on the Primary data and secondary data. Primary data collected by using through questionnaire to respondents. For this purpose, the researcher selected users of the Plastic money in Tamilnadu. For this purpose, four major towns were selected namely, Tenkasi, Tirunelveli, Madurai and Viruthunagar. From each town, 50 respondents were selected and a total of 200 respondents were selected as sample of the study under a simple random sampling method. The researcher collected primary data from the respondents through well-structured questionnaire. The researcher applied a simple percentage and Mean score as statistical tools. Secondary data is collected from various reference books on E-Commerce, E- Banking, E- Advertising, Economics, etc.

## REVIEWS OF LITERATURE

**Loewenstein and Hafalir (2012)** conducted a study on “The Impact of Credit Cards on Spending”. The study focused on two types of customers, revolvers (who carry debt) and convenience users (who do not carry debt), and measured the impact of payment with credit card as compared with cash by an insurance company employees spending on lunch in a cafeteria. It was found that there was change in the diner’s payment medium from cash to a credit card when an incentive to pay with a credit card was given. It was then found out that credit cards do not increase spending. However, the use of credit cards has a differential impact on spending for revolvers and convenience users. Revolvers spend less when induced to spend with a credit card, whereas convenience users display the opposite pattern.

**Subhani (2011)** conducted a study on ‘Plastic Money/Credit Cards Charisma for Now and Then’. The study was based to find out the charisma of plastic money, its usability and affordability and its impact on its preference to use. The research found that the preference to use of plastic money/ credit card has its pros and cons with its usability and affordability. According to the consumer behaviour, plastic money is a form of conditioning and acts as a stimulus which qualifies a consumer to spend. The study shows that the preference to go for plastic money has a positive association with the easy use of plastic money because the precept of credit card usability is linked with a psychological phenomena that people are likely to spend less with credit card and spend more with the same amount of cash on hand in the same budget and this precept also linked with the consumer self convenience, i.e. convenience and easy use which delves into spending.

**Rangaswamy and Ramesh Kumars S. (2007)** in this article “plastic money in retail distribution” highlighted the growth of plastic money particularly ATM cum debit cards, its importance in retail distributions, cost effects, benefits, suggest some tips to avoid frauds and necessity of increasing its usage.

**Worthington, Steve (1992)** in this paper “Plastic cards and consumer credit”, discussed how recent changed in credit card terms and societal attitudes influence the consumer borrowing. It is also said that plastic cards in general will be used more as paper transactions decline. In Europe there may be convergence of plastic cards usage with eventual reduction in the number of credit card issuers.

## DATA ANALYSIS AND INTERPRETATION

TABLE NO: 1

## DEMOGRAPHIC PROFILE OF THE RESPONDENTS

S.No	Gender	Number of Respondents	Percentage
1	Male	80	40.00
2	Female	120	60.00
<b>Total</b>		<b>200</b>	<b>100.00</b>
S.No	Age of the Respondents	Number of Respondents	Percentage
1	Below 25	36	18.00
2	25 – 35	56	28.00
3	35 – 45	62	31.00
4	45 above	46	23.00
<b>Total</b>		<b>200</b>	<b>100.00</b>
S.No	Marital Status	Number of Respondents	Percentage
1	Married	110	55.00
2	Un Married	90	45.00
<b>Total</b>		<b>200</b>	<b>100.00</b>
S.No	Education Level	Number of Respondents	Percentage
1	School Level	56	28.00
2	U.G	40	20.00
3	P.G	72	36.00
4	Professional qualification	32	16.00
<b>Total</b>		<b>200</b>	<b>100.00</b>
S.No.	Occupation Level	Number of Respondents	Percentage
1	Student	20	10.00
2.	Govt. Employee	40	20.00
3.	Business/Profession	80	40.00
4.	Private Employee	60	30.00
<b>Total</b>		<b>200</b>	<b>100.00</b>
S.No	Monthly Income	Number of Respondents	Percentage
2	Below 50,000	50	25.00
3	50,000 – 1,00,000	70	35.00

4	above 1,00,000	80	40.00
<b>Total</b>		<b>200</b>	<b>100.00</b>
<b>S.No</b>	<b>Source of Information</b>	<b>Number of Respondents</b>	<b>Percentage</b>
1	Newspapers	20	10.00
2	TV	60	30.00
3	Internet	30	15.00
4	Friends	40	20.00
5	Dealers	50	25.00
<b>Total</b>		<b>200</b>	<b>100.00</b>

Source: Primary Data

**TABLE NO: 2**  
**PURPOSE OF CARD USAGE**

S.No	Particulars	Number of Respondents	Percentage
1	Card frauds	110	55.00
2	Incorrect and incomplete statements	20	10.00
3	Unsolicited cards, loans, insurance policies activated	30	15.00
4	Language used in legal terminology	40	20.00
<b>Total</b>		<b>200</b>	<b>100.00</b>

Source:

Primary Data

Majority of respondents are (60%) cash withdrawn through ATM for purpose of card usage

**TABLE NO: 3**  
**VALUE OF ITEMS PREFERRED TO PURCHASE THROUGH CARDS VALUE**

S.No	Particulars	Number of Respondents	Percentage
1	Cash Withdrawn Through ATM	120	60.00
2	Online Payments	50	25.00
3	Airlines And Railway Ticket Booking	20	10.00
4	Accessories	10	05.00
<b>Total</b>		<b>200</b>	<b>100.00</b>

**Source:** Primary Data

Majority of respondents are (40%) 5000-10000Rs value of items preferred to purchase through cards value.

**TABLE NO: 4**

**PROBLEMS PERCEIVED BY THE RESPONDENTS ON POSSESSION OF PLASTIC MONEY  
PROBLEMS**

S.No	Particulars	SA	A	N	DA	SDA	Total
1	Long time to buy credit card	20	50	90	30	10	200
2	High service charges	55	80	20	30	15	200
3	High Interest and penalty	60	25	110	5	0	200
4	Insufficient maximum credit limit	30	50	90	20	10	200
5	High over limit charges	40	65	55	15	25	200
6	Good security system for online payments, E-Statement	70	100	20	10	0	200
7	Good customer care services	20	80	65	25	10	200

**Source:** Primary Data

Majority of respondents are (55%) Problems perceived on Card frauds.

**TABLE NO: 5**

**PERCEPTION OF RESPONDENTS ON USAGE OF CREDIT CARD**

**LIKERT SCALE – OBSERVE DATA**

S.No	Particulars	Number of Respondents	Percentage
1	Less Than2500	60	30.00
2	2500-5000	40	20.00
3	5000-10000	80	40.00
4	More Than 10000	20	10.00
	<b>Total</b>	<b>200</b>	<b>100.00</b>

8	More offers for credit card holders by various Merchants	40	75	55	30	0	200
9	Reward point system is more beneficial for credit card holders	40	50	80	25	5	200
10	High fee for foreign currency transactions	30	110	50	10	0	200

TABLE NO: 5

## PERCEPTION OF RESPONDENTS ON USAGE OF CREDIT CARD

## WEIGHTED DATA

S.No	Particulars	SA	A	N	DA	SDA	Total	Weighted	Rank
1	Long time to buy credit card	100	200	270	60	10	640	3.2	X
2	High service charges	275	320	60	60	15	730	3.65	IV
3	High Interest and penalty	300	100	330	10	0	740	3.7	III
4	Insufficient maximum credit limit	150	200	270	40	10	670	3.35	IX
5	High over limit charges	200	260	165	30	25	680	3.4	VII
6	Good security system for online payments, E-Statement	350	400	60	20	0	830	4.15	I
7	Good customer care services	100	320	195	50	10	675	3.375	VIII
8	More offers for credit card holders by various Merchants	200	300	165	60	0	725	3.625	V
9	Reward point system is more beneficial for creditcard holders	200	200	240	50	5	695	3.475	VI
10	High fee for foreign currency transactions	150	440	150	20	0	760	3.8	II

**Source:** Computed from Primary Data

Majority of respondents are (I<sup>st</sup>Rank) to give Good security system for online payments, E-Statement.

**FINDINGS**

- ✓ Majority of respondents (60%) are Female.
- ✓ Majority of respondents are (31%) are 35- 45 age group.
- ✓ Majority of respondents are (55%) Married.
- ✓ Majority of respondents are (60%) cash withdrawn through ATM for purpose of card usage



- ✓ Majority of respondents are (40%) 5000-10000Rs value of items preferred to purchase through cards value.
- ✓ Majority of respondents are (55%) Problems perceived on Card frauds.
- ✓ Majority of respondents are (1<sup>st</sup>Rank) to give Good security system for online payments, E-Statement.

## SUGGESTIONS

1. Banks are offering different types of plastic money. But the consumers are mostly used debit cards because of the unawareness. Banks and card issuers should provide proper awareness campaign to the consumers.
2. Plastic money has many advantages over paper money but, it does not mean that paper money is obsolete. It is always recommendable to reduce the use of plastic money because consumers don't feel physical cash leaving their hands also plays into the tendency of some to use plastic more often.
3. When carrying cash, people know how much they can spend, but when they carry card, they feel that as long as there is money, they can still spend. This may be good for the retailers and bank but not good for people especially in managing their money in an effective way.

## CONCLUSION

The modern day, people like to make payment through debit or card cards rather than cash. It increased the use of plastic money. It has been observed that most of the respondents are receiving low amount of salary and rely on credit cards to pay for their school – related expenses and Especially Credit card holders are happy that it saves their time and they need not search for an ATM machine or keeping cash in hand. Some cards even provide year-end summaries that really help out at tax time. Card holders are satisfied with Instant cash facility. But sometimes it enables the card holders to spend beyond their means. The high interest rates and annual fees associated with credit cards often outweigh the benefits received.

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