

Study on Consumer Behaviour Towards Plastic Money

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Abstract:

Plastic money, in the form of credit cards, debit cards, smart cards, and other payment instruments, has transformed consumer behaviour globally. In India, the adoption of plastic money has accelerated since the 1980s, driven by convenience, security, and technological innovation.

This study explores consumer perceptions, usage patterns, and behavioural tendencies toward plastic money. It highlights the advantages and disadvantages of credit and debit cards, the determinants of consumer behaviour, and the risks of misuse.

The research aims to understand how consumer psychology, socio-economic conditions, and technological features influence the acceptance and reliance on plastic money.

Keywords: Plastic Money, Credit Card, Debit Card, Consumer Behaviour, Payment Systems

1. INTRODUCTION

Plastic money refers to payment cards issued by banks and financial institutions that allow consumers to access funds electronically. These include credit cards, debit cards, ATM cards, prepaid cards, and store cards. The term “plastic” highlights the material of the card, while “money” is a misnomer since cards represent liabilities rather than actual currency.

History of Plastic Money

- **1967–1969:** First ATM cards issued by Barclays (London) and Chemical Bank (New York).
- **1972–1973:** Lloyds Bank introduced magnetic strip cards with PIN security; Atalla developed hardware security modules.
- **1979–1980s:** Smart cards entered banking, offering enhanced security.
- **1950:** Diners Club pioneered the first credit card for entertainment and travel.
- **1959:** American Express introduced plastic cards, later allowing installment payments.
- **1966:** Bank of America launched “open loop” cards, leading to Visa and MasterCard dominance.
- **1989:** Debit cards emerged, linking directly to checking accounts.
- **Future Trends:** Growth of online payments (PayPal), mobile integration, and projected rise in debit card users.

Plastic Money in India Credit cards were introduced in 1981 and quickly gained popularity. Today, India’s card industry offers diverse options—gold, silver, smart, co-branded cards—reflecting enormous growth potential. Plastic money is now seen as safer and more convenient than cash, especially for travel and online transactions.

Payment Cards Payment cards authenticate consumers and enable electronic transfers. They may be linked to deposit or credit accounts, or store value directly. Smart cards embed chips for added security. ATM cards allow withdrawals, deposits, and transfers, while debit and credit cards serve both as payment and ATM tools.

Consumer Behaviour Consumer behaviour refers to the psychological and economic factors influencing purchase decisions. It is shaped by sociology, psychology, and financial conditions, and is often unpredictable.

Types of Plastic Money

- **Credit Cards:** Allow purchases on borrowed funds with repayment flexibility.
- **Debit Cards:** Directly deduct funds from accounts, widely used for online and retail purchases.
- **Charge Cards:** Require full repayment monthly, offering short-term credit.
- **ATM Cards:** Used for cash withdrawals and account services.
- **Fleet Cards:** Designed for fuel and vehicle expenses, with reporting features.
- **Gift Cards:** Prepaid cards issued by retailers or banks, often promotional.
- **Smart Cards:** Embedded chips for secure transactions and authentication.

Credit Cards in Detail Credit cards provide convenience, safety, and prestige.

- **Benefits to Banks:** Attract new customers, generate profits, reduce cash handling costs.
- **Benefits to Cardholders:** Emergency use, free credit period (30–50 days), reduced need for cash, simplified travel.
- **Benefits to Merchants:** Increased sales, guaranteed payments, systematic accounting, promotional support.
- **Disadvantages:** Risk of overspending, fraud, debt accumulation, denial of discounts, and longer transaction times.

Transaction Process Steps include authorization, merchant balancing, capture, clearing, interchange, settlement, and merchant deposit.

2. REVIEW OF LITERATURE

The study uses a descriptive approach with a structured questionnaire to examine consumer behaviour toward plastic money.

Objectives:

- Identify customer preferences and satisfaction.
- Explore the link between preference and satisfaction.
- Highlight grievances in card usage.

Scope & Limitations:

- Focused on bank customers, small sample size (100), limited area and time, responses may be biased.

Design & Data:

- Primary data via survey; secondary data from journals and reports.
- Questionnaire method used for collection.

Sampling:

- Sample unit: bank account holders.
- Sample size: 100.

- Methods: random, convenience, judgment, and snowball sampling.

Analysis Tools:

- Percentage analysis and pie diagrams for interpretation.

3. RESEARCH METHODOLOGY

Research is defined as human activity based on intellectual application in the investigation of matter. The primary purpose for applied research is discovering, interpreting, and the development of methods and systems for the advancement of human knowledge on a wide variety of scientific matters of our world and the universe. Research can use the scientific method, but need not do so.

Research methodology is a way to systematically solve the research problem. The research methodology in the present study deals with research design, data collection methods, sampling methods, survey, analysis and interpretations.

- **Objectives:**

To study consumer behaviour toward plastic money, identify advantages and disadvantages, and analyze usage patterns.

- **Scope:**

Focused on urban consumers using credit and debit cards.

- **Limitations:**

Excludes rural populations and alternative payment systems like mobile wallets.

- **Data Sources:**

Primary data through questionnaires; secondary data from journals, books, and online references.

- **Data collection method:**

The data collection method used in this research is questionnaire method. Here the data are systematically recorded from the respondents.

- **Sampling:**

Convenience sampling of card users.

Research on plastic money highlights its convenience, accessibility, and growing importance in modern transactions, while also pointing out challenges like fraud, debt, and high interest costs.

- Early Studies (1980s–1990s): Hirschman, Jonker, and Feinberg found that consumer perceptions of convenience drive adoption, though transaction costs and formalities were barriers. Brito & Hartley noted credit card interest costs can be lower than arranging loans.
- 2000s: Studies (Telyukova, Zinman, Klee) showed consumers often hold cash balances while carrying credit card debt, and debit cards gained popularity among revolving credit users. In India, Mandeep & Kamalpreet Kaur (2008) highlighted the sector's growth potential despite heavy reliance on cash.
- 2010s: Research emphasized expansion of plastic money beyond urban elites to salaried and rural groups. Scholars like Patel & Amin (2012) and Manivannan (2013) saw plastic money as a step toward a cashless society. Others (Patil & Sharma, 2014) warned of rising fraud risks, while Haq & Malik (2014) noted a shift from credit to debit cards.
- Recent Studies (2013–2015): Multiple works examined consumer attitudes, satisfaction, and awareness.

Overall Insight: Plastic money is increasingly seen as essential for modern transactions, offering convenience and efficiency. However, issues of fraud, high interest, and consumer awareness continue

to shape its acceptance. The literature consistently points to strong growth potential in India, especially with digitalization and financial literacy improvements.

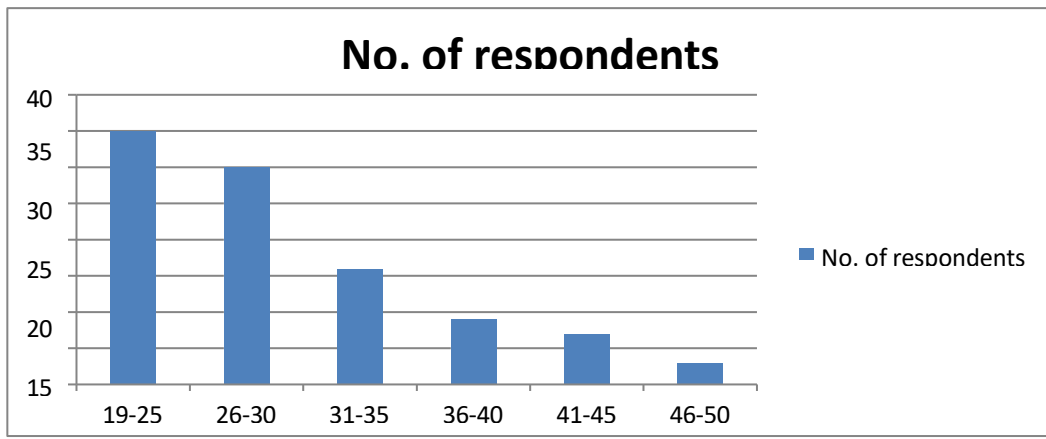
4. FINDINGS AND DATA ANALYSIS

- Consumers value convenience, safety, and prestige in using plastic money.
- Credit cards encourage impulse buying and overspending.
- Debit cards are preferred for controlled spending.
- Misuse risks include fraud, theft, and debt accumulation.
- Younger consumers show higher adoption rates compared to older groups.

4.1.1 Number of Responses Received Through Different Age Group:

AGE GROUP	NO. OF RESPONDENTS	PERCENTAGE
18-25	35	35%
26-30	30	30%
31-35	16	16%
36-40	09	9%
41-45	07	7%
46-50	03	3%
TOTAL	100	<u>100%</u>

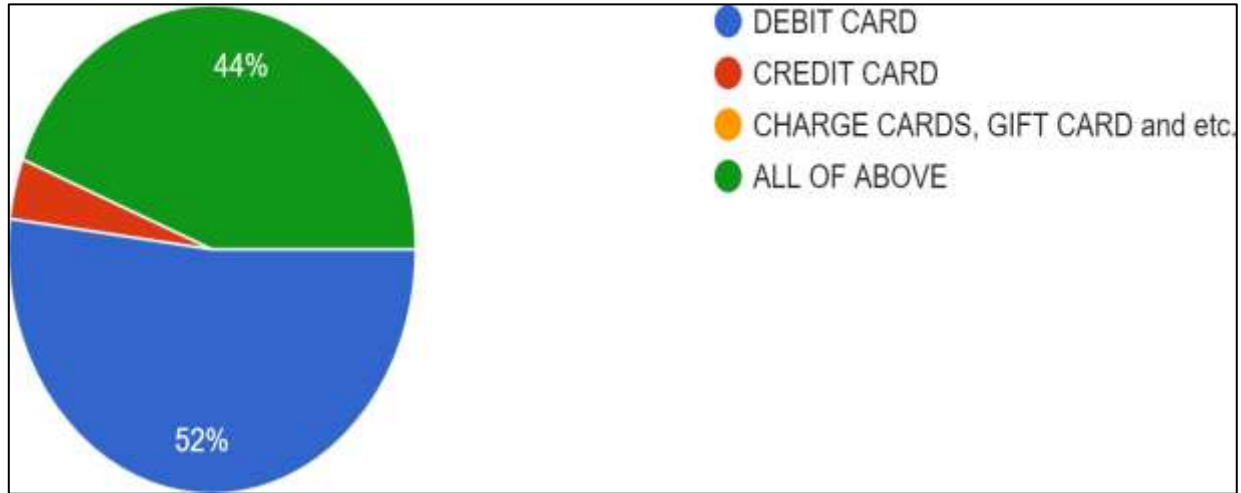
Chart 4.1.1



Types of Plastic Card	No.Response	Percentage
Debit Card	52	52.0
Credit Card	3	3.0
Charge Card, Gift Card etc.	1	1.0
All Above	44	44.0
Total	100	100

4.1.2 Which Plastic Money do you have:

Chart 4.1.2



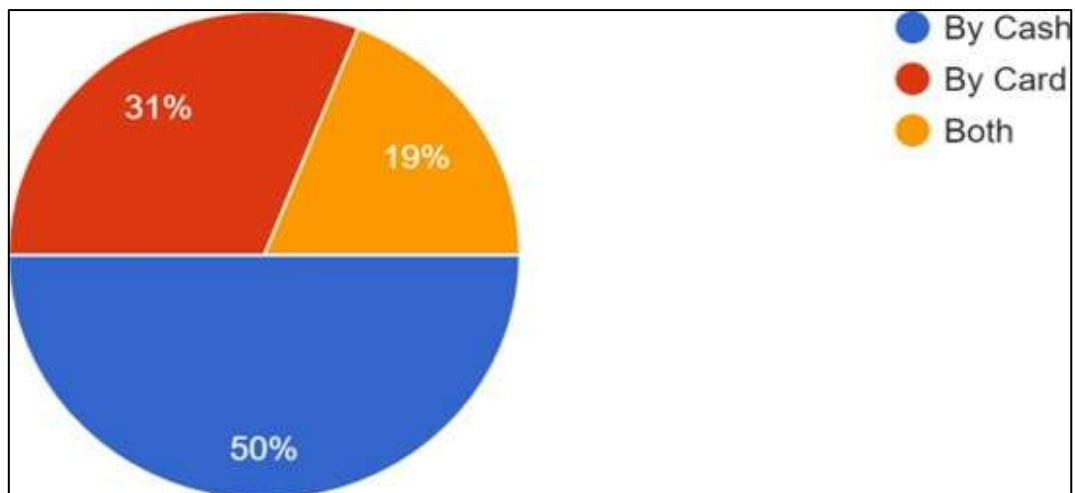
Interpretation:

The types of plastic card the people have, where most of the people carries Debit Card ie: 52% as represented in the above Pie Diagram followed by 44% people having all types of plastic card and least people prefer Credit Card covering only 3% of the total Pie diagram and 1% of the respondent has provided the response of having only Charge or Gift Card.

4.1.3 According to you ,which is the most convenient way to Pay the Bills:

Method of payment	No. of Response	Percentage	Method of payment
Cash	50	50.0	Cash
Card	31	31.0	Card
Both	19	19.0	Both
Total	100	100	Total

Chart 4.1.3



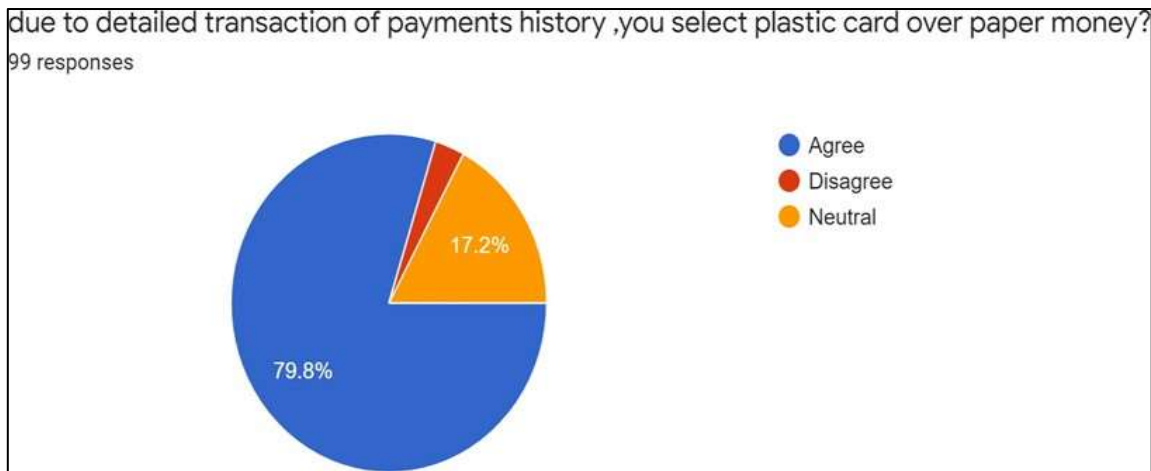
Interpretation:

The Method of payment people generally prefer while paying the bills where most customer prefer cash as a mode of making payment covering 50% in the Pie Diagram followed by 31% of customer select card as a medium of making payment ie 31% and 19% customer prefer Both for making payment.

4.1.4 Consumer prefer plastic card due to its detailed transaction history

Response	No. of Responses	Percentage	Response
Agree	79	79.8	Agree
Disagree	4	3.0	Disagree
Neutral	17	17.2	Neutral
Total	100	100	Total

Chart 4.1.4



Interpretation

The pie diagram where 79.8% of consumer prefer plastic card due to its detailed transaction history and 3% of consumer does not finds its as a valid point and 17.2 % of consumer having their neutral opinion

5. HYPOTHESIS

- H₀: Customers do not show distinct preferences between plastic money and traditional payment methods.
- H₁: Customers show distinct preferences for plastic money over traditional payment methods.
- H₀: The satisfaction level of customers is not influenced by the type of plastic money used (credit, debit, etc.).
- H₁: The satisfaction level of customers is influenced by the type of plastic money used.
- H₀: Customers do not face significant grievances while using plastic money.
- H₁: Customers face significant grievances while using plastic money.

6. RECOMMENDATIONS

- Promote financial literacy on responsible card usage.
- Strengthen fraud detection and security measures.

- Encourage balanced use of credit and debit cards.
- Provide consumer-friendly incentives like cashback and insurance.

7. CONCLUSION

Consumer behaviour is different from person to person where each and every person shares their opinion in this study regarding various question asked through questionnaire most of the people finds plastic card as a one of the safest way to carry cash, the cash is stored virtually and can be utilised at the time of making payment the chances of theft is also reduced, one can block the card easily. Which build the trust for using or shifting from paper money to plastic money.

The feature of monthly statement or mini statements helps the consumers to watch their day to day transactions and helps them to keep history of their transactions.

Some of the aged consumers uses the debit card once in every month he withdraw the money ie: paper money and that physical paper money the uses for the rest of whole month where the age group from 18-40 uses plastic card on daily basis.

Concluding this research with some point that most of the people in India are now literate and archived their basic knowledge and they know how to operate plastic card and what are all the pros and cons, where some of the people does not have best knowledge about the usage of plastic card.

8. FINDINGS

1. Most of the consumers are now ready to involve plastic card in their daily transactions.
2. Preference for Debit Over Credit Cards: Research indicates that most consumers prefer using debit cards rather than credit cards due to concerns about debt accumulation and financial discipline.
3. Convenience and Accessibility: Consumers appreciate plastic money for its ease of use, especially for online shopping and high-value purchases. However, some find the transaction costs and formalities for acquiring cards to be a drawback.
4. Shift Towards Cashless Transactions: Studies highlight a growing trend of electronic payments, with plastic money replacing traditional cash transactions. This shift is driven by technological advancements and banking sector innovations.
5. Security and Privacy Concerns: While plastic money offers convenience, consumers are increasingly concerned about cybersecurity risks and data privacy issues associated with digital transactions.

9. WEBLIOGRAPHY

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10. AI DETECTOR

