Plastic Bright Transition Money

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Abstract: Money is always termed as important medium of exchange and payment tool. Money has changed its appearance from coins to paper cash and today it is available in formless form as electronic money or plastic card. Moving towards cashless society, plastic money is considered as a great tool. It has its own advantages and disadvantages. It is an important and valuable mean of transaction in the modern society. Government, banks, business organizations and other institutes are encouraging public to use plastic money for secure and safe payment. Over the past few decades, a small fragment of plastic has revolutionized the way consumers pay. Rise in disposable income, introduction of new products and services, increased travel and growth of the entertainment sector has had an impact on the use of plastic money. The present paper makes an attempt to understand the consumer preferences and attitude towards the use of plastic money.

Keywords: Single Sign-on (SSO,

I. INTRODUCTION

Plastic money is an alternative to the cash or the standard money. It represents currency and near currency. The various plastic cards include Debit Card, Credit Card, Smart Card, Charge Card and so on. These cards also have plastic used in their making and that is where the name plastic money has originated from. Usage of plastic money has come as a form of amenity to financial institution customers. Electronic service is becoming a feasible option for dealings between financial service providers and their clients. The forthcoming next five years will be a very exciting period in the payments space in India. It is expected more development, innovation and infrastructure building coupled with adoption of more dynamic technological innovations. The country’s robust demand growth will necessitate the need for quicker, simpler, frictionless 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.

II. PLASTIC MONEY SYSTEM

The evolution of plastic money industry was quite obvious as people are getting more dependent on technology and plastic money business is just the best outcome of technology in banking business. The banking system of India should not only be hassle free but it should be able to meet new challenges posed by the technology and any other external and internal factors. However, mere technology up gradation or introduction of innovative products cannot improve the state of affairs until customers don’t respond to it positively. Hence, it becomes very necessary for the banks to offer the services or products while taking into consideration the customer’s preferences, perceptions and convenience.

The role of various parties involved in plastic cards payment
1. Customers or Cardholder: The authorized person holding the card and can use it for purchase of goods and services also.
2. Card issuing bank: The bank or institution which issues the card to its eligible customers.
3. Merchants: Entities which sell the goods and services to the cardholder and duly agree to accept the card for payment.
4. Bank Card Association: The associations (VISA, Master Card, and American Express)

Now a days a modern customers and client cannot think of banking without the facility of plastic cards. Today credit and debit cards have largely replaced cheques as alternatives to cash. Both are reasonably secured compared to cash and are widely accepted. User friendliness and feasibility are the main features of plastic money that have made plastic money popular not only in India but also all over the world.

III. LITERATURE REVIEW

[1] conclude Despite the strong advances in e-payment, an estimated 90 percent of personal consumption expenditure in India is still made with cash which indicates tremendous growth potential of plastic cards. [2] discussed that life become more easy and it become possible to control money laundry and effective utilization of financial system. It is also helpful for tax legislation.[3] examined that Plastic money especially credit card is used by high income group. However fixed income group or salaried classes also start using it. The facility extended to both urban and rural area. [4] examined that
Indian customers find it easier to make payment through Debit Card and Credit Card rather than carrying too much cash. Use of cards has enhanced because product offering at a lower cost and that too with lucrative deals delighted with rewards scheme, bonus points etc.

IV. TYPES OF PLASTIC CARDS
Credit cards and Debit cards are basically two types of plastic cards which represent monetary transactions. Apart from these are the Charge cards, In store cards, Smart cards, Addon cards and Petro cards.

**Credit Card:** A credit card is the plastic money that is used to pay for products and services, just have to produce the card and sign a charge slip to pay for your purchases. The institution which issue the card makes the payment to the outlet on your behalf; you will pay this ‘loan’ back to the institution at a later date. Generally, a limit is set to the amount of money a card holder can spend.

**Debit Card:** The bank issues debit card only if the person has an account in the bank. When a debit card is used to make a payment, the total amount charged is instantly reduced from your bank balance.

**Charge Card:** A charge card carries all the features of the features of credit cards. But, after using the charge card, the entire payment of the bills has to be made by the due date. If you fail to do so, you are likely to be considered a defaulter and will usually have to pay up a steep late payment charge.

**AMEX (American Express) and Diner Club card:** are well known and tie ups and do not depend on the network of Master Card or Visa. These cards are typically meant for the high income group categories and companies.

**In-Store Card:** It is issued by retailers or companies. It has currency only at the issuer’s outlet for purchasing products of the issuer company. The payment can be on monthly or extended credit basis and for extended credit facility, interest is charged.

**Smart Card:** A smart card contains an electronic chip which is used to store cash. This is most useful to pay for small purchases for example in fairs, coffee shops, and the like. When a transaction is made using the card, the value is debited and the balance comes down automatically. Smart cards serve as credit or ATM cards, fuel cards mobile phone SIMs, authorization cards for pay television, household utility pre-payment cards, high-security identification and access-control cards, and public transport and public phone payment cards. Smart cards may also be used as electronic wallets. The smart card chip can be “loaded” with funds to pay parking meters, vending machines or merchants. Cryptographic protocols protect the exchange of money between the smart card and the machine. No connection to a bank is needed. Smart cards can provide identity documentation, authentication, data storage, and application processing. Smart cards may provide strong security authentication for single sign-on (SSO) within large organizations.

**Petro Card:** Some petroleum companies allow customers to pay for the fuel through electronic medium. It offers a scheme of gifting points to the customers when they pay for fuel using the petro card.

V. APPLICATIONS

- **Credit cards usage for travel bookings**
  Consumers started to make their bookings using cards and it has become a lifestyle choice for most urban consumers.

- **Electronic transactions grew strongly with the help of Reserve Bank of India (RBI)**
  The consumers who were using online shopping for a long period switched to net banking facilities over cash on delivery as this was more convenient and fast. This included online shopping for groceries, especially in metropolitan cities such as Bangalore, Hyderabad, Mumbai, Delhi, Chennai and Kolkata.

- **Mobile banking applications become common for all banks**
  Use of smart phones became one of the most common forms of banking. As to provide consumers with a convenient and secure banking facility, almost every leading bank in the country, private or public, launched their mobile applications for all the leading Smartphone operating system platforms i.e. Android, iOS and Windows.

- **Security:** Lost cash can be used by anyone. If you lose a credit or debit card, you can call 24.7 helpline number and report to the bank and thus get protected from unauthorized use of your card. However, different banks may have different liability policies, consult your bank if they offer any liability waiver.

- **Universal Acceptance:** Most credit and debit cards are accepted worldwide. Try that with a personal check! If you need cash, you can make withdrawals from ATMs or banks around the world that accept your credit or debit card.

- **Emergency Protection:** A credit card will get you through almost any emergency you can think of. It’s like a security blanket that will cover you for e.g. airline insurance, life insurance etc depending upon the card.

- **Convenience:** Credit and debit cards offer no-hassle shopping – no cash, no checks, no additional identification.

- **Simplified Record Keeping:** Credit and debit cards give you a record of all your transactions for the month, so keeping track of where your money goes is easier.

- **Hygienic:** Paper money is dirty and unhygienic as it travels from one person to another whereas on the other hand plastic money usually remains with 2.3 individuals maximum therefore it is clean and hygienic.

- **Environment Friendly:** One of the major causes of deforestation is paper and this is where plastic money is better than paper money as it reduces deforestation.

- **Value-Added Benefits:** Many credit cards offer rebates, cash refunds, contributions to your favorite charity, or other special value-added benefits that you won’t get with paying by cash.
VI. CHALLENGES
21st Century banking has become wholly customer-driven & technology driven by challenges of competition, rising customer expectations & shrinking margins, banks have been using technology to reduce cost & enhance efficiency, productivity & customer convenience. Technology intensive delivery channels like net banking, mobile banking, etc have created a win-win situation by extending great convenience & multiple options for customer. From educating customers about credit cards there is a need to educate them about the differentiating factors of the cards. Because visa and master card are advertising regularly and thereby increases awareness. The strategy should be to emphasize on its differentiating characteristics. They also need to identify potential customers and target those using mailers. As internet is growing at a fast rate the net users can be targeted by having interactive sites. The prospective company’s card personality could also be used in the home page to solve customer queries in the „Best Possible Manner. Overall, there is currently a lot of innovation taking place in the following areas in India, which will encourage development of a cashless society and help the market move towards the idea of new payment methods.

VII. FUTURE PROSPECTS
Smooth, simple and secure payment processes will help bring about behavioural changes and faster adoption of digital payments and banking among un-banked segments. When new players enter the market, each with a slightly different take on the market and with differing business models, the increased competition will help the environment and offer more options for consumers to choose from. A larger pie with more players is definitely good for the changing dynamics of the payments industry, which is still nascent in India. Indian consumption is still dominated by cash, with cards contributing only 5 per cent of the personal consumption expenditure. In developed countries, 30-50 per cent of spends happen through cards. So there is huge growth opportunity. The rapid growth of smartphones, Internet penetration and e-commerce is complementing these; card payment volumes have been growing in excess of 25 per cent y-o-y. “We expect this trend to continue, aided by the continued increase in debit card activation and usage; debit card transactions have been growing at 31 per cent each year. Intense competition and strategic collaboration among existing and new market participants like the payments and small banks and wallets will help scale up acceptance and foster more creativity, innovation and consumer choice. According to him, the future holds exciting times for the payments industry in India, as all stakeholders and regulatory authorities come together to achieve a “less-cash dependent” and eventually “cashless” society. The credit card industry in India sees greater acceptance among consumers this year. According to Worldline India Card Payment Report 2014-15, the credit card base grew at 9.8 per cent in the past year. Worldline India is a leader in the payment and transactions services in the country. Alternative methods like mobile wallets and prepaid cash cards accounted for 3 per cent of digital transactions. This industry has been growing steadily over the past few years. Card transactions, both by debit and credit cards, are on an upward trajectory. There are interesting dynamics at play in the Indian payments industry.

VIII. CONCLUSIONS
The modern day, Indian customers find it easier to make physical payment (credit card or debit card payments) rather than carrying too much cash contributing to the growth of plastic money in the country. The prevalence of intensifying competition has further fuelled the usage of plastic cards in the country like never-before. Due to major social and technological advancements, the banking landscape is undergoing massive change. The market is seeing increased availability of sophisticated technologies that can enable cashless transactions; however the perceived disadvantages such as the need for high IT investment by various service providers, security concerns, lack of technological awareness and the traditional mindset of Indians who prefer to use physical money seem to outweigh the potential benefits. With the change in technology and the improvement in the payment system has lead to further development in plastic money.

REFERENCES