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# Awareness and Usage of Plastic Cards by Bank Customers in India

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*Abstract Plastic cards are one of those types of innovations through which the customers can make use of banking services just by owning the card issued by bank and that too without restricting himself in the official banking hours. The present study tried to explore the extent of knowledge and persuasion of bank customers regarding plastic cards in India. The general information of bank customers regarding frequency of usage of plastic cards and awareness of customers regarding plastic cards has been explored. The sample has been collected from the bank customers with the help of questionnaire. Thus, total 400 bank customers were randomly contacted from different bank branches chosen on the basis of judgment sampling technique.*

**Keywords:** Plastic cards, Bank customers, India

## I. INTRODUCTION

Technology upgradation or introduction of innovative products is successful only if customers respond to it positively. The major change in banks' payment system which has been brought in by technology is through introduction of products which are alternative to cash or paper money. Plastic cards are one of those types of innovations through which the customers can make use of banking services just by owning the card issued by bank and that too without restricting himself in the official banking hours. Plastic cards as the component of electronic payment system have been in use in the country for many years now. However, the card-based usage has picked up only during the last five years. Payment by cards is now becoming a much preferred mode for making retail payments in the country (Report on trend and progress of banking in India 2006-07, RBI). Thus, plastic cards are such payment tool which gives a customer an opportunity of non cash payment of goods and services and are designed to facilitate small value retail payments by offering a substitute for bank notes and coins and thus to complement traditional payment instruments. Hence, it becomes very necessary for the banks to offer the services or products taking into consideration needs, preferences, perceptions and convenience of the consumers. The study has emphasized on the awareness and opinion of the bank customers regarding plastic cards in India. However, adoption process is not a onetime event. It is an ongoing process (Rogers, 1995). The present study tried to explore first and second stage of Rogers model i.e. the extent of knowledge and persuasion of bank customers regarding plastic cards in India. The general information of bank customers regarding frequency of usage of plastic cards and awareness of customers regarding plastic cards has been explored. The satisfaction level for the services availed through plastic cards and the different problems being faced by the adopters while using them are also the part of this study.

## II. DATABASE AND RESEARCH METHODOLOGY

### A. Objective of the Study

The main objective of the study is to learn about the level of awareness and usage of plastic cards by bank customers in India.

### B. Universe of the Study

The universe for this part of the study comprises of accountholders of those scheduled commercial banks in India which are offering plastic cards services to their customers.

### C. Sample Characteristics of the Study

The sample has been collected from the bank customers with the help of questionnaire. Thus, total 400 bank customers were randomly contacted from different bank branches chosen on the basis of judgement sampling technique. Due to biased and incomplete responses, 61 questionnaires had to be dropped out for further analysis. Hence, total 339 respondents formed the effective sample with response rate being 85%. Out of the total number of respondents i.e. 339, 295 were having at least one type of plastic card while 44 numbers did not own any card. It depicts that in sample of the study, 95% of respondents were adopters and only 5% were non-adopters. Table 1 presents the demographic features of the sampled population. Age wise distribution of the adopters and non adopters reveal that the maximum number of adopters i.e. 36.6% belongs to age between 31-45 years. The second age group which consists of comparatively higher number of cardholders i.e. 34.2% is (18-30) years followed by age group of (46-60) years with 12.9% of respondents. 11.2% respondents were above 60 years of age. The least number of adopters were found in

the age category of less than 18 years. In non adopter category, 29.54% of respondents belong to (46-60) years age group and less than 18 years category each. 20.45% of respondents were above 60 years of age. Moreover, 18.18% of the respondents lie in the age between (18-30) years. Only 2.2% of the respondents belong to age category of (31-45) years. Under educational qualification, 34.9% of the adopters are graduates, 30.8% are post graduates and 29.5% are under graduates. However, only 4.75% are illiterate. In non-adopter category, illiterate has the highest percentage (61.4%) followed by undergraduate (29.5%) and graduates (9.1%). It can be said that the confidence of adopting the new technology increases with the raise in education qualification. Occupation wise distribution of adopters and non adopters shows that the 35.6% of adopters are salaried persons followed by businessmen (23.1%). However, students (15.9%) and retired people (16.6%) have lesser tendency to adopt plastic cards in the given sample. Under non adopter category, 29.5% of respondents are students followed by households (25%) and businessmen (22.7%). However, 9.1% and 13.6% of the respondents are salaried and retired persons respectively. With regard to income category, 27.8% of the respondents in the sample lie between the monthly income range of ( 30000-40000) followed by approx 22% respondents each in the category ( < 10,000-20,000), ( < 20,000-30,000) and more than ` 40,000. However only 6.4% of the respondents earn the monthly income of less than ` 10,000. In case of non adopters, 27.3% of the respondents belong to the income less than ` 10,000 followed by monthly income range of ( < 20,000-30,000) with 25% respondents. 15.9% and 13.6% of the respondents lie between the monthly income range of ( < 10,000-20,000) and ( < 30,000-40,000) respectively. Only 8.2% of the non adopters earn monthly income of more than ` 40,000.

Table 1: Sample Characteristics of the Respondents

Sample Characteristics		Adopters (N <sub>1</sub> =295)		Non Adopters (N <sub>2</sub> =44)	
		Number	Percentage	Number	Percentage
Age (in years)	Less than 18	15	5.1	13	29.54
	18-30	101	34.2	8	18.18
	31-45	108	36.6	01	2.2
	46-60	38	12.9	13	29.54
	Above 60	33	11.2	9	20.45
Educational Qualification	Illiterate	14	4.75	27	61.4
	Under graduate	87	29.5	13	29.5
	Graduate	103	34.9	04	9.1
	Post graduate	91	30.8	-	-
	Any other	-	-	-	-
Occupation	Students	47	15.9	13	29.5
	Salaried	105	35.6	04	9.1
	Businessmen	68	23.1	10	22.7
	Retired	49	16.6	06	13.6
	Household	26	8.5	11	25
Personal Income (Monthly in `)	<10,000	19	6.4	12	27.3
	10,001-20000	66	22.4	07	15.9
	20,001-30,000	65	22	11	25
	30,001-40,000	82	27.8	06	13.6

	>40,000	63	21.4	08	8.2
Gender	Male	185	62.7	17	38.6
	Female	110	37.3	27	61.4
Social Background	Rural	86	29.2	32	72.72
	Urban	209	70.8	12	27.27

Source: Calculated through SPSS

Social background category shows that under adopter category, 70.8% of the respondents belong to urban areas, while only 29.2% of respondents are from rural background. In case of non adopters, only 27.27% of the respondents are from urban area in the sample while 72.73% of the respondents belong to rural areas. Gender wise distribution shows that 62.7% of the adopters are male respondents and 37.3% as female respondents in the sample. Under non adopter category, male constitute 38.6% of respondents while 61.4% of respondents are female.

### III. FINDINGS OF THE STUDY

The findings of the study comprises of the information related to the frequency of usage of plastic cards and awareness of customers regarding plastic cards. The satisfaction level for the services availed through plastic cards and the different problems being faced by the adopters while using them have also been explored.

#### A. Number of Years Since the Plastic Cards being Used by Customers

Table 2 gives details regarding the number of years since the plastic cards are being used by bank customers.

Table 2: Number of Years Since the Plastic Card being Used by Customers

Number of Years	Number of Respondents	Percentage
One	28	9.49
Two	45	15.25
Three	52	17.63
Four	63	21.35
Five	59	20
More than Five years	48	16.27
Total	295	100

Source: Calculated through SPSS

Table 2 shows that 21.35% of the adopters were using plastic cards since last four years while 20% confirmed that they were using plastic cards since last five years. However, 15.25% and 9.49% of the adopters reported that they were using the cards from last two years and one year respectively. Also, 16.27% of them confirmed that they were using cards since more than five years.

#### B. Frequency of Plastic Cards Usage by Customers

The frequency of cards usage by the adopters has been summarised in Table 6.2.

Table 3: Frequency of Plastic Cards Usage by Customers

Frequency of Card Usage	Number of Respondents	Percentage
Daily	56	18.98
Weekly	82	27.80
Fort nightly	101	34.24
Monthly	45	15.25
Rarely	09	3.1
Never	01	0.3
Total	295	100

Source: Calculated through SPSS

It shows that 34.24% of the respondents use plastic cards fortnightly, followed by 27.80% and 15.25% who use it weekly and monthly respectively. However 18.98% of the adopters use the plastic card daily.

*C. Sources of Information Regarding Plastic Cards*

Table 4 presents the percentage of responses of various sources of information from where the respondents get to know about the plastic cards. It shows that the maximum number of respondents i.e. 91.2% rely upon bankers to acquire the information regarding plastic cards.

Table 4: Sources of Information Regarding Plastic Cards

Source of Information	Number of Respondents (Percentages)
Bankers	269 (91.2)
Financial Advisor	72 (24.4)
Family & Friends	214 (72.5)
Advertisement	183 (62.03)
Personal Enquiry	94 (31.8)
Brochures	76 (25.7)
E-mails	70 (23.7)

Source: Calculated through SPSS

It was found that 72.5% of the respondents get the information from the friends and family regarding plastic cards. Moreover, 62.03% of the respondents have got aware about plastic cards through advertisements. The results also show that 31.8%, 25.9%, 24.4% and 23.7% of the respondents prefer personal enquiry, brochures, financial advisor and e-mails respectively to know about the various services of plastic cards.

*D. Opinion of Adopters Regarding the Strategies of Awareness about Plastic Cards to be adopted by Banks*

Weighted average score was calculated to know about the opinion of adopters regarding the strategies to be adopted by banks in order to create awareness about plastic cards.

Table 5: Opinion of Adopters Regarding the Strategies of Awareness about Plastic Cards to be adopted by Banks

Statements	WAS
Bank should provide training to the customers	3.96
Bank should spend more on advertisements of plastic cards	3.77
Bank should conduct demo for plastic cards usage.	3.92
Bank should maintain the separate cell for plastic cards to provide customers with adequate and recent information about the services.	4.47
Bank should carry out personal contact programs	2.47

Source: Calculated through SPSS

Table 5 reveals that the organization of separate cell for the customers providing adequate and recent information about the plastic cards services was found to be of greater importance for the respondents with WAS of 4.47. According to customers, provision of training for the customers with WAS of 3.96, conducting demo for plastic cards usage having WAS of 3.92 and spending on advertisements by the banks reporting WAS of 3.77 were other important strategies to be adopted by banks which can create effective awareness. However, the least importance was given to personal contact programs by the respondents with WAS of 2.47 only. In order to know about if there any difference exists between the opinion of adopter and non-adopters regarding the awareness of plastic cards the t test (independence sample) has been applied. The results show that the significant difference can be drawn among the opinion of both the categories of customers.

Table 6: Differences between the Opinion of Adopters and Non-Adopters Regarding the Strategies of Awareness about Plastic Cards to be adopted by Banks

S. No.	Statements	Mean		T value	Sig
		Adopters	Non Adopters		
1.	Bank should provide training to the customers	3.96	3.59	1.701	.090
2.	Bank should spend more on advertisements of plastic cards	3.77	4.47	-5.226	.000
3.	Bank should conduct demo for plastic cards usage.	3.92	3.16	4.667	.000
4.	Bank should maintain the separate cell for plastic cards to provide customers with adequate and recent information about the services.	4.47	3.84	4.005	.000
5.	Bank should carry out personal contact programs	2.47	2.25	1.223	.222

According to adopters, training programs, Demo for plastic cards usage and separate cell in the bank can create effective awareness among the customers than non-adopters on the other hand, the non-adopters are of the opinion that more awareness can be spread among customers if banks will spend more on the advertisement of plastic cards. However, no significance difference can be drawn among both the categories regarding the personal contact programs to be carried out by bank. In nutshell, in order to encourage their customers for the usage of plastic cards, banks need to spend more on advertisements regarding the usefulness of plastic cards.

#### IV. CONCLUSION

Customer is supposed to be a king now days. Conveniences and demand of the customers are to be taken into account at most concern so that they could be satisfied with the quality of service been provided by banks. The present study has quantified the utility of value added services and facilities being provided through various types of plastic cards from customers' point of view. It has been found that the bank customers have sufficient knowledge and awareness regarding plastic cards. It shows that the maximum number of respondents i.e. 91.2% rely upon bankers to acquire the information regarding plastic cards. Also, the organization of separate cell for the customers providing adequate and recent information about the plastic cards services was found to be of greater importance. It has also been found that in order to encourage their customers for the usage of plastic cards, banks need to spend more on advertisements. The adopters of plastic cards are found to be satisfied for most of the services/ facilities provided through plastic cards like account details/mini-statement (4.88), pin/password change and equated monthly installment, bills payments, shopping, location of ATM and online payments. Adopters were also found satisfied with the cost or charges being levied on its usage except for the facility of reward points.

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