



Does Plastic Money Impact the Consumer Buying Behavior in Pakistan?

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Abstract

This study has explored the impact of plastic money on consumers' buying behavior in the case of Pakistan. A questionnaire-based primary survey has been conducted for data collection. The questionnaire-based survey is conducted among the customers in the marketplace, supermarket, and grocery store by using convenience sampling techniques. SPSS system is used for managing and estimating the data. Simple linear regression analysis is used for checking the responsiveness of the dependent variable due to the independent variable. The independent variable is the use of plastic money whereas the dependent variable is consumer buying behavior and the reliability of data is 0.709

Keywords: plastic money, consumer behavior, empirical analysis

JEL Code: P24, P46

1. Introduction

Generally, plastic money consists of a magnetic card offered by banks and financial institutions for making payments. Plastic Money is a term used for all types of bank cards such as Credit cards, Debit cards, and all types of Smart cards for E-Payments. These are alternatives to cash or standard 'money'. Plastic Money refers to credit cards or debit cards that can be used to make purchases anywhere and anytime. A person who has a magnetic card does not need to carry money in the form of cash with him/her. People have magnetic cards in their wallets/purses and can use them where they like. Such cards contain the name of the cardholder, card number containing 16 digits, validity date, magnetic stripe, PIN, etc. In other words, Plastic Money is a term that refers to hard plastic cards which can be used as actual banknotes. These are of different types such as credit cards, debit cards, cash cards, pre-paid cash cards, ATM cards, and store cards. Electronic facilities and equipment are provided by banks for using such cards. The plastic money includes credit cards, debit cards, loyalty cards, etc. Plastic money encourages people to stop carrying out weighty wallets. In the condition of immediate need for money, a person can take out the card / withdraw the demanded cash amount from his account and avoids any risk. Now a day's every bank provides the facility of Credit cards as long as the account becomes active. As cash machines are also open 24 hours therefore a person does not have to wait for the banks to open, by using the card he takes out the money. The concept of paper money was presented in China around the seventeenth century. In 1994 the use of folding currency reemerges. Paper notes are very small life due to time to time changing of ownership. While plastic notes have a longer life and are first introduced in Australia. Now day's people usually use plastic money as matched to paper money. Consumer makes buying by using plastic cards. Paper money is unsecured. People face a large problem when they bring a huge amount of money on travelling and for purchasing goods. The plastic note is protected as matched to paper money to bring a large amount of money along with it. Consumer makes purchases by using a credit card, smart card, and electronic money (Ellis, 1998) Now the world is becoming globalized so everywhere cards are accepted. Different types of cards are Debit cards, Credit cards, prepaid cards, Smart cards, Master Card, Visa cards, etc. The cards are accepted worldwide, in which you can consume your own money. In this way buying behavior of consumers changes due to payment methods. So being a research student I am going to find that whether this development creates the buying behavior of consumers or not. By using plastic money consumer behavior is changing. By using credit cards customers purchase goods and services at an affordable price. In this research, we find plastic money usage and consumer buying behavior.

2. Literature Review

Now day Consumers have many options when they pay for their transactions or manage payment for their purchases. Conventional methods of payment instruments include paper money, cheques, and any plastic money. Today's most reachable source of finance is Plastic money. Plastic money is a suitable payment source of purchase and a way to preserve living standards even in a short fall of income (Brumberg, 2004). Abdullah et al., (2013) mention that paper money is the best medium of exchange. For consumers plastic money cards complete two functions (including bank cards and store cards) a means of payment and a foundation of credit (Chakravorti, 1997). When credit cards are used by consumers as a mode of financing, credit cards compete with the form of financing and bank loans (Brio and

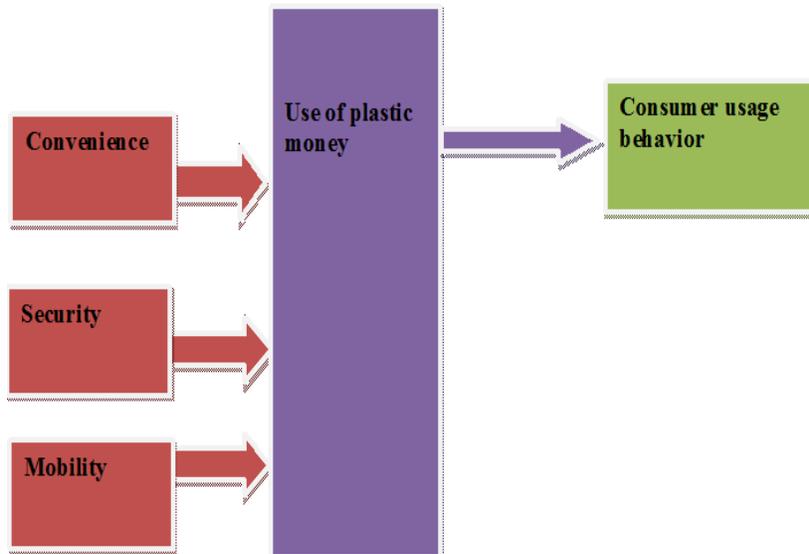
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Hartley 1995). In my observation impact of plastic money on the consumer, buying consumption is the cash alternative. Plastic money is used to refer to as credit cards, and debit cards which are used by us to make purchases every day. Plastic money is much more convenient and a source of carrying a huge amount of money with you. It is also protected to carry it along or to travel with it as one can consult the bank in case of a stolen card. Bank will block the card and save your money from being stolen. Plastic money is made of plastic cards and is an easy way of paying for goods and services. Plastic money was raised in 1950 and is now an essential form of money that reduces the risk of handling huge amounts of cash. It consists of Credit cards, Debit cards, visa cards, etc. Ab-bate and Snell explain the advantages of electronic payment, saving time, money convenience. According to the literature on consumer behavior, the benefit sought from product and service and consumer usage behavior is the best forecaster to explain consumer purchase behavior (Peter and Olson 1999). Consumers’ psychographic reasons for the use of credit cards differ from the behavior and attitude of the consumer (Naim, 1995). (Feinberg, 1986) says about the use of plastic money investigated the actual consumer consumption behavior while comparing the spending of consumers who paid through plastic money spend more in the identical purchasing situation. Then those who use cash or cheques

3. Methodology

Primary data will be collected from survey questionnaires. Secondary data will be collected from different websites, books, the internet, and past research paper. I will use the simple linear regression analysis to evaluate the impact of plastic money on buying behavior of the consumer. The target population of my study is the individual customer Okara, Sahiwal, and Lahore in which I conduct the research. In my research, there are 100 respondents and I collected the data from different consumers who use debit cards, credit cards, or electronic money while they make purchases. Following the methodologies of (Ali and Naeem, 2017; Ali, 2011; Ali, 2015; Ali, 2018; Ali and Bibi, 2017; Ali and Ahmad, 2014; Ali and Audi, 2016; Ali and Audi, 2018; Ali and Rehman, 2015; Ali and Senturk, 2019; Ali and Zulfiqar, 2018; Ali et al., 2016; Ali et al., 2015; Arshad and Ali, 2016; Ashraf and Ali, 2018; Audi and Ali, 2017; Audi and Ali, 2017; Audi and Ali, 2016; Haider and Ali, 2015; Kaseem et al., 2019; Sajid and Ali, 2018), the model of this study will become as:



4. Findings

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.709	13

The reliability of the data is 0.709

Table2: Statistics

		gender	age	Qualification
N	Valid	120	120	120
	Missing	20	20	20

This table shows the valid number of respondents who gave their responses to my research total number of responses is 120 about which 20 of them are missing

Table 3: AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 20	31	28.7	31.0	31.0
	above 20	69	63.9	69.0	100.0
	Total	100	92.6	100.0	
Missing	System	8	7.4		
Total		108	100.0		

As this age table shows that below age 20 respondents are having a frequency of 31 which is 28.7 % of the total and above age 20 respondents are having a frequency of 69 which is 63.9 % of total

Table 4: GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	69	63.9	69.0	69.0
	Female	31	28.7	31.0	100.0
	Total	100	92.6	100.0	
Missing	System	8	7.4		
Total		108	100.0		

This table indicates that 69 of the respondents are male which is 63.9 % of the total and 28.7% of respondents are female which are having numbers 31 females.

Table 5: QUALIFICATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Graduate	37	34.3	37.0	37.0
	under graduate	55	50.9	55.0	92.0
	3.00	8	7.4	8.0	100.0
	Total	100	92.6	100.0	
Missing	System	8	7.4		
Total		108	100.0		

This table shows that undergraduate students are 55 which is 50.9% of the total and graduates are 37 which is 34.3 % of the total. If one unit is changed inconvenience, mobility, and security there will be a .418 change in consumer usage behavior

Table 6: REGRESSION

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.647 ^a	.418	.400	.21572

Table 7: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.215	3	1.072	23.026	.000 ^b
	Residual	4.467	96	.047		
	Total	7.682	99			

Table 8: COEFFICIENTS

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.827	.344		5.307	.000
	Security	.209	.053	.311	3.945	.000
	Convenience	.118	.067	.168	1.772	.080
	Mobility	.290	.069	.402	4.220	.000

Level of significance: 0.05 (p-value). If security is .209 and if one unit change in security then it 20.9 affects consumer usage behavior. If convenience is .118 and if one unit changes inconvenience then it 11.8 affects consumer usage behavior. If mobility is .290 and one unit change in mobility then 29.0 affects the consumer usage behavior.

Table 9: CORRELATIONS

		Cu	Se	con	mob
Cu	Pearson Correlation	1	.398**	.440**	.548**
	Sig. (2-tailed)		.000	.000	.000
	N	100	100	100	100
Se	Pearson Correlation	.398**	1	.134	.159
	Sig. (2-tailed)	.000	.185	.185	.115
	N	100	100	100	100
Con	Pearson Correlation	.440**	.134	1	.572**
	Sig. (2-tailed)	.000	.185	.000	.000
	N	100	100	100	100
Mob	Pearson Correlation	.548**	.159	.572**	1
	Sig. (2-tailed)	.000	.115	.000	.000
	N	100	100	100	100

** . Correlation is significant at the 0.01 level (2-tailed).

The relationship between consumer usage and security is weak (.398). The relationship between consumer usage and convenience is weak (.440). The relationship between consumer usage and mobility is moderate (.548). The relationship between security and convenience is strongly weak (.134). The relationship between security and mobility is strongly weak (.159). The relationship between convenience and mobility is moderate (.572).

5. Discussion

This study is about finding the impact of factors of consumer behavior on the usage of plastic money and what is the behavior is performed by consumers when they are shopping through plastic money in their routine life? Firstly take a review of the literature from research related to the study which is previously conducted. After that identified the methodology to conduct the study and analysis of the results. Then, I selected an instrument for data collection. The instrument I select is a questionnaire that contains close-ended questions which were adopted from the base study and modify according to my research. After choosing the instrument identify the target population to conduct the research. The target population I selected was the consumers of Okara, Sahiwal, and Lahore. A sample of 120 students was selected for data collection. From 120 questionnaires received back 100 questionnaires from respondents. The reliability of the data was 0.709 which is acceptable. Disruptive statistic methods apply for data analysis after checking the reliability. And frequency distribution was used to test the data. A survey showed Respondents most commonly used plastic money. While most of the respondents agreed that using this mode of plastic money will effectively do the shopping and the habit of this plastic money encourage them in saving also? So plastic money has a positive impact on consumer usage behavior

6. Conclusions

This study gives confirming information because consumers feel comfortable spending plastic money. In recent years due to the great development of technology usage of plastic money has become accepted all around the world. The general public has also turned out to be a huge user of these plastic money modes. The basic purpose behind conducting this study was to observe the usage behavior of the customer. The findings from conducted studies has find out to be mostly positive. As usual, all researches have some future scope, the current study was also not free from that scope. Firstly, due to a shortage of time could not increase the sample size from 100 by increasing sample size results may vary. The value of the adjusted R square indicates that there is a limitation and a need for more in-depth study in this field.

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