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Plastic Money in Indian Economy: An Overview

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Abstract:

Plastic money refers to payment instruments made of plastic, such as credit cards, debit cards, prepaid cards, and smart cards, used as alternatives to cash. In India, the use of plastic money has expanded significantly over the last two decades, transforming the country's financial landscape and supporting its transition toward a digital economy. Plastic money like debit cards, credit cards, prepaid cards emerged as a significant payment instrument in India after liberalization of the financial sector in the 1990s.

According to Parthsarathi Goyal (2024), the implementation of electronic payment systems has far-reaching consequences for the Indian economy. One of the most major effects has been the proliferation of e-commerce and online transactions. With the proliferation of digital payment methods, online shopping has grown in popularity, propelling the e-commerce sector and increasing overall consumption. Furthermore, reduced cash usage has had a positive impact on the economy, including enhanced transparency, efficiency, and tax compliance. Electronic payment systems have contributed to the reduction of the informal economy, the elimination of black money, and the promotion of a more organized financial system. Furthermore, the use of digital payment systems has helped to increase financial inclusion by giving previously underserved people access to formal banking services. Electronic payment systems have helped bridge the divide between the banked and unbanked populations by promoting mobile-based payment solutions such as UPI and PMJDY, allowing millions of people to engage in the formal economy.The government's "Digital India" project is a great step toward expanding e- payments in India. This study aims to understand the benefits and issues relate to plastic money. This paper reviews literature, regulatory reports and data to summarize major benefits, issues, recommendations to make the paper money smooth, secure, convenient and popular among the customers.

Keywords: Evolution of plastic money, Status, Factors influencing use of plastic money, Government initiatives, Future prospects

1. Introduction

The term plastic money refers primarily to cards (debit, credit, prepaid) and related card-based payment rails. Over the last decade India has seen rapid adoption of digital payments across multiple rails (cards, UPI, wallets). Cards remain an important rail for higher-value and cross-border payments and for access to formal credit. Industry forecasts and market reports indicate strong growth in card issuance and transaction volumes, even as other rails like UPI dominate high-volume retail flows.

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According to Dr. Mahesha V (2022) "Cash or regular money can be replaced by plastic money. The way that the banking system operates has changed as a result of information technology. It is a more modern and convenient way to pay for goods and services. The development of information technology is to blame for this transition. Debit cards, cash cards, credit cards, prepaid cash cards, and store cards are some of the numerous kinds of plastic money. The government's "Digital India" project is another step toward expanding electronic payments by phasing out cash payments. This research article aims to comprehend how consumers feel and think about using plastic money. Besides the study also aims to analyze the challenges and opportunities of plastic money."

Trans-Union CIBIL (2023) indicates rising credit stress among new-to-credit card users in Tier-II and Tier-III cities. The literature shows a pattern: as credit access expands, so does the risk of overspending without adequate credit education.

RBI's 2022–2024 circulars emphasize stronger grievance redressal, customer liability limits, and security audits of banks. Researchers generally agree that India's regulatory framework for card security is one of the most stringent globally.

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 interactions to explore.

Objectives

1. To examine the growth and adoption of plastic money in India

2. To analyze the factors influencing the use of plastic money

3. To assess the impact of government initiatives

4. To measure the advantages and benefits of plastic money

5. To identify challenges and limitations

6. To provide suggestions for improvement

Methodology

This paper uses secondary research: regulator releases (RBI), industry whitepapers (PwC), aggregated card-statistics, academic articles and industry news (2022–2025). It synthesizes quantitative findings (transaction and fraud trends) with qualitative analysis (consumer behavior, merchant impact) to derive benefits, problems and policy recommendations.

2. Literature review

Several studies highlight that Indian consumers increasingly prefer card-based payments due to convenience and speed.

Kaur & Dutta (2021) found that frequency of card usage is positively affected by perceived ease of use, safety, and merchant acceptance. **Sivakumar & Sangeetha (2020)** showed that younger and urban consumers show higher adoption of debit and credit cards, while rural populations lag due to limited financial literacy. RBI Payment System Reports (2018–2024) reveal a consistent rise in card transactions at PoS terminals, though debit cards show stagnation in ATM withdrawals due to shift towards UPI. These studies collectively establish that convenience, rewards, and ease of online payments drive adoption, but demographic differences create uneven distribution. **Chakraborty**

(2019) noted that increased card usage reduces costs associated with cash management printing, transporting, and securing currency**. Mukherjee (2021) stress that policies should focus not just on adoption but on reducing risk and improving merchant economics. NITI Aayog (2020)** reported that electronic payments, including card payments, help reduce the "shadow economy" by creating transaction trails. According to **Sarma & Pais (2020)** digital payment instruments promote inclusion when linked with bank accounts. **World Bank Global Findex (2017, 2021)** shows strong correlation between bank account ownership and debit-card access in India. **Garg & Panchal (2020)** found card payments to be a foundational driver of online retail in India, enabling seamless online purchases. Studies show that card-on-file systems (stored cards) reduce cart abandonment and improve sales velocity for digital marketplaces. Overall, literature consistently supports that plastic money creates macro-economic efficiencies, improves transparency, and supports the digital ecosystem.

RBI Annual Report (2023, 2024) highlights card-related frauds such as skimming, phishing, counterfeit cards, and card-not-present (CNP) scams. **KPMG Fraud Survey (2022)** shows a rise in digital-payment fraud with increasing transaction volume. **Prabhu & Thomas (2020)** found that perceptions of security risks significantly influence user trust and card usage frequency. Literature agrees that fraud risk is the biggest barrier to adoption, especially among older and semi-urban consumers. **Sharma & Kaur (2020)** found that low literacy, lack of smartphone/ATM access, and socio-economic constraints affect card adoption. **Roy & Sinha (2021)** argue that even with bank account penetration, usage of debit cards remains low due to trust issues and lack of awareness. Thus, financial literacy is a recurring theme in research as a determinant of effective usage.

FICCI (2022) identified high MDR (Merchant Discount Rate), cost of POS machines, and settlement delays as barriers for small merchants. **Das & Mohanty (2021**) similarly found that micro-merchants prefer UPI over cards due to zero MDR and simpler onboarding. This creates an imbalance where card infrastructure grows slower in rural and semi-urban locations. **Ghosh & Kar (2023)** found that UPI growth has reduced reliance on debit cards for low-ticket transactions, though credit-card usage continues growing. **Agarwal & Chawla (2019)** found that credit cards may induce impulsive spending, leading to higher household indebtedness. **DPIIT (2020) and Digital India policy papers** highlight the need for interoperable, low-cost digital payment systems, including card acceptance infrastructure. **PwC Payments Handbook (2024)** predicts strong future growth of credit cards due to lifestyle spending, EMIs, and cross-border usage.

The literature suggests India is becoming a multi-rail payment ecosystem where cards remain essential for high-value payments, online purchases, and credit services. Plastic money delivers major economic benefits: convenience, transparency, efficiency, credit access, and e-commerce growth. Security and fraud are the biggest barriers. Financial literacy and the digital divide limit equitable adoption. Merchant acceptance challenges reduce card usage outside metros. UPI affects debit-card usage but credit-card demand remains strong. The literature indicates that while plastic money is beneficial, the ecosystem requires continuous improvement in security, literacy, and merchant infrastructure.

Research Gap

Very few empirical studies quantify how UPI has reshaped the role of plastic money, especially:

- Debit card displacement vs coexistence.
- Hybrid usage (credit cards linked to UPI QR codes)
- Lack of longitudinal data comparing pre-UPI and post-UPI plastic money usage.
- Most studies focus on urban, banked populations.
- Limited research on plastic money adoption in rural and semi-urban India.
- Barriers such as infrastructure, literacy, trust, and merchant acceptance.
- Over-representation of metro cities in survey-based research.

Previous literatures which covered adoption, fraud and consumer behavior, there are some gaps like, limited studies on post-pandemic shifts in card vs. UPI usage. Insufficient research on merchant economics and real impacts of MDR caps. Few studies on credit-card behavior in Tier-II/III cities. Lack of empirical models linking card adoption with GDP or tax compliance.

Evolution of Plastic Money in India

The use of cards such as debit, credit, prepaid and smart cards has significantly reshaped India's financial and payment ecosystem. Its evolution has been gradual, driven by economic reforms, technological advancements and policy initiatives. The journey from a cash-dependent economy to an increasingly digital one highlights the pivotal role of plastic money.

Early Introduction (1980s – Early 1990s)

The concept of plastic money entered India in the mid-1980s when foreign banks like Visa and MasterCard introduced credit cards to select urban customers. Usage remained very limited due to low awareness, lack of POS machines, and restricted banking access

Expansion with Banking Reforms (Mid-1990s – 2000)

Economic liberalization and entry of private banks such as HDFC Bank, ICICI Bank, and Axis Bank accelerated the issue of cards. Debit cards gained popularity as ATM networks expanded across cities. Banks started promoting card-based payments in retail stores, hotels, and travel services.

3. Rise of Debit Cards and ATM Networks (2000 – 2010)

The 2000s saw a major boom in ATM penetration, making debit cards nearly universal for account holders. Credit cards started gaining acceptance among the growing middle class. Banks launched reward programs, EMI facilities, and co-branded cards to attract customers.

4. Technological Upgradation and Shift to EMV Cards (2010 – 2015)

EMV chip-based cards were introduced to enhance security and reduce fraud. Contactless payments, tap-and-pay systems, and NFC technology started entering the Indian market. E-commerce growth increased the demand for card-based online payments.

5. Major Boost After Demonetization (2016)

The 2016 demonetization of high-value currency notes created an immediate shift toward non-cash payments. Debit and credit card transactions surged dramatically as people began using cards for daily purchases. Point-of-sale (POS) machines increased rapidly across shops and businesses.

6. Introduction of RuPay and Domestic Card Ecosystem

The launch of RuPay by the National Payments Corporation of India (NPCI) in 2012 transformed the card landscape. RuPay cards helped expand plastic money penetration, especially through Jan Dhan Yojana bank accounts.

7. Coexistence with Digital Payments (2017 – Present)

While UPI and mobile wallets grew rapidly, plastic money remained important for large, offline, and international transactions. Contactless payments grew post-COVID-19, making card transactions faster and touch-free. Banks continue to enhance security with features like tokenization, dynamic CVV, and biometric authentication.

The evolution of plastic money in India demonstrates a steady shift from cash-based transactions to card-based and digital payment systems. From its slow adoption in the 1980s to becoming a mainstream payment method today, plastic money has contributed significantly to financial inclusion and the growth of India's digital economy. Even as UPI rises, plastic money continues to play a vital role by offering security, convenience, and widespread acceptability.

Status of plastic money in India

S.No.	Category	Statistic / Data	Value	Source
1	Total outstanding cards (credit + debit)	Total cards in force	1,116.4 million	RBI / Business Standard report
3	Credit cards outstanding	Number of credit cards	111.2 million	RBI / Business Standard report
4	Debit cards outstanding	Number of debit cards	1,005.2 million	RBI / Business Standard report
5	Growth of credit cards (2019–2024)	Credit cards (Dec 2019 → Dec 2024)	5.53 crore → 10.80 crore	RBI Report
6	Growth of debit cards (2019–2024)	Credit cards (Dec 2019 → Dec 2024)	80.53 crore → 99.09 crore	RBI Report
7	Credit card payments (volume)	Transaction count	447.23 crore transactions	RBI Report
8	Credit card payments (value)	Value of transactions	₹20.37 lakh crore	RBI Report
9	Debit card payments (volume)	Transaction count	173.90 crore transactions	RBI Report
10	Debit card payments (value)	Value of transactions	₹5.16 lakh crore	RBI Report
11	Credit card share of RuPay spending	Credit card spending via RuPay	16% of all credit card spending	NPCI / Business Standard
12	RuPay credit card UPI transactions (volume)	Transactions processed	750 million (FY25 up to Oct)	NPCI / Business Standard
13	RuPay credit card UPI transactions (volume)	Value processed	₹63,825.8 crore (FY25 up to Oct)	NPCI / Business Standard
14	Credit card spending in May 2025	Monthly spends	₹1.89 lakh crore	Indian Express report
15	Active credit cards (May 2025)	Number in use	11.11 crore	Indian Express report
16	Credit card outstanding (total dues)	Value outstanding	₹2.90 lakh crore (May 2025)	Indian Express report
17	Credit vs Debit transaction trend (2019–2024)	Volume change	Credit ↑, Debit ↓	RBI / Business Standard

The data shows that credit cards are rapidly increasing both in numbers and transaction values, while debit card usage in payments has been declining as digital alternatives like UPI grow. RuPay's share in credit card spending indicates the domestic network's growing influence, especially via UPI-linked credit cards.

Outstanding credit card dues and monthly spending reflect rising consumer reliance on plastic credit for larger purchases. (Business Standard)

Factors Influencing the Use of Plastic Money in India

1. Economic Factors

a. Income Levels-- Higher income groups are more likely to use credit cards due to better creditworthiness and spending power.

b. Urbanization-- Urban and semi-urban areas have greater access to banks, ATMs, and POS machines, which increases card usage.

c. Cost of Transactions--Merchant charges, annual card fees, and interest rates on credit cards influence both consumer and business adoption.

2. Technological Factors--

a. Availability of POS Terminals--The spread of POS machines directly increases card usage at retail stores, restaurants, and service points.

b. Security Features-- Chip-based EMV cards, PIN authentication, OTPs, and tokenization make consumers feel safer and encourage use.

c. Internet & Digital Infrastructure--Improved internet connectivity, mobile banking apps, and online shopping platforms support card-based payments.

3. Consumer-Related Factors

a. Awareness and Education--Knowledge about card benefits, charges, and security practices increases adoption and safe usage.

b. Convenience and Speed--Cards offer faster transactions, cashless shopping, and online payment options, attracting more users.

c. Lifestyle Changes--Growth in e-commerce, travel, food delivery, and entertainment apps encourages consistent card usage.

4. Banking and Institutional Factors

a. Attractive Offers and Reward Programs--Cashback, rewards, discounts, and EMI options motivate consumers to shift from cash to card payments.

b. Customer Service and Trust in Banks--Strong banking networks, fraud protection policies, and easy grievance redressal build user confidence.

c. Credit Availability--Credit cards offer “buy now, pay later” flexibility, appealing to young and employed customers.

5. Government and Policy Factors

a. Digital India Initiatives--Government campaigns promoting digital payments have increased card literacy and acceptance.

b. RuPay Card Scheme--A domestic affordable card system under NPCI has expanded access, especially through Jan Dhan accounts.

c. Regulatory Support--Guidelines on security, KYC norms, and fraud monitoring strengthen the payment environment.

6. Social and Demographic Factors

a. Age and Education--Younger, educated and tech-savvy individuals adopt plastic money more readily than older generations.

b. Employment Status--Formal sector employees tend to use cards more due to salary accounts and direct bank engagement.

c. Peer Influence--Social influence and exposure to digital lifestyles also encourage adoption.

7. External Market Factors

a. Growth of E-commerce--Online shopping requires card payments, increasing the need for debit and credit cards.

b. Marketing and Advertising--Aggressive promotions by banks and brands educate and attract more customers.

c. Competition Among Banks--Banks continuously innovate card features to attract customers, boosting overall usage.

The use of plastic money in India is shaped by a combination of economic, technological, consumer, institutional, social, and policy-driven factors. Together, these elements determine how quickly and widely card-based payments are adopted across different regions and demographic groups.

3. Government Initiatives on the Use of Plastic Money in India

Government policies and programs have played a major role in expanding the use of plastic money across the country. These initiatives helped promote financial inclusion, improve digital infrastructure, and create awareness among citizens and businesses.

Digital India Initiative

The Digital India campaign encouraged the transition from a cash-based economy to a digital one.

Impact:

Increased awareness about digital payments.

Boosted adoption of debit/credit cards through online banking and mobile apps.

Expanded digital infrastructure, making card payments more accessible.

Demonetization (2016)

The sudden withdrawal of ₹500 and ₹1000 notes led to a sharp increase in non-cash transactions.

Impact:

Massive surge in debit and credit card usage for everyday purchases.

Rapid growth in POS machine installation across retail shops.

Encouraged millions of people to open bank accounts and use cards regularly.

Pradhan Mantri Jan Dhan Yojana (PMJDY)

Under PMJDY, millions of new bank accounts were opened, most of which were issued RuPay debit cards.

Impact:

Large-scale financial inclusion brought rural households into the formal banking system.

Increased use of debit cards for ATM withdrawals and basic transactions.

Expanded the reach of plastic money to semi-urban and rural areas.

Introduction of RuPay Card Network

NPCI launched RuPay as India's domestic card payment network.

Impact:

Lower transaction costs for banks and merchants.

Boosted card penetration in rural and low-income segments.

Reduced dependence on international networks like Visa and MasterCard.

Promotion of Cashless Payments

Government incentives such as cashback on digital payments, reduced MDR charges (merchant fees), and awareness campaigns promoted digital transactions.

Impact:

Small merchants began accepting card payments.

Consumers gained confidence in using cards for retail purchases.

Increased overall digital literacy related to card usage.

Strengthening of Banking Regulations

RBI introduced guidelines such as EMV chip cards, compulsory PIN authentication, and tokenization.

Impact:

Improved security and reduced card fraud.

Increased consumer trust in plastic money.

Encouraged banks to upgrade card technology and expand digital services.

Development of Digital Infrastructure

Initiatives to expand broadband connectivity, mobile networks, and digital payment gateways improved card usage.

Impact:

Enabled acceptance of cards in remote areas.

Supported e-commerce growth, increasing online card transactions.

Made banking services more accessible through mobile and internet platforms.

Government initiatives have had a significant positive impact on the use of plastic money in India. Through policies promoting financial inclusion, digital literacy, secure payment systems, and nationwide connectivity, the government has encouraged millions of people, especially from rural and semi-urban areas to adopt card-based transactions. These efforts have helped move India closer to becoming a cashless and digitally empowered economy.

Benefits of Plastic Money

1 Convenience and efficiency

Cards enable cashless, near-instant payments at points-of-sale (PoS) and online merchants, reducing transaction time and the logistics and costs of cash handling for businesses and consumers.

2 Financial inclusion and credit access

Credit and prepaid cards extend short-term credit to households and small businesses that have banking relationships; card usage can help build formal credit histories when borrowers use and repay credit on schedule.

3. Transparency and Recordkeeping

Every transaction is documented, helping users track expenses and maintain financial discipline.

4. Reward Programs

Credit and debit cards offer benefits such as cashback, reward points, discounts, and travel perks.

5. Encourages Digital Economy

Plastic money supports the movement toward cashless transactions, reducing costs associated with cash handling.

6 Formalization of transactions and tax compliance

Electronic card transactions leave audit trails that help broaden the tax base and improve transaction visibility supporting better compliance and policy monitoring. Several studies and industry reports link higher electronic payment adoption with improved VAT/GST reporting in affected sectors.

7 Consumer protections and product benefits

Cards come with dispute resolution mechanisms, chargebacks (for credit), and issuer-led fraud liability rules. In addition, rewards, cashback and merchant offers incentivize usage, increasing consumer utility.

8 Economic multipliers and digital ecosystem growth

Card networks and acquiring infrastructure support fintech innovation, merchant services, payroll automation, and cross-border trade facilitation contributing to productivity gains across services sectors. Industry forecasts foresee continued credit card growth and richer product innovation tied to cards and card-on-file merchant services.

Key Issues and Risks

1 Fraud and cybersecurity threats

Despite improved controls, card-related fraud (skimming, phishing, account takeover, e-commerce scams) remains a serious problem. RBI guidance and industry studies show a significant number of reported fraud cases, with regulators stepping up fraud-risk management rules for banks and payment service providers. The jumps and declines in reported frauds across recent years highlight both evolving attacker tactics and improvements in detection/controls.

2. Limited Penetration in Rural Areas

Many rural users still prefer cash due to lack of digital literacy or poor banking infrastructure.

3. Merchant Acceptance

Small businesses in semi-urban and rural areas often hesitate to accept card payments due to transaction fees.

4. Operational costs and merchant acceptance barriers

Small merchants face costs for POS terminals, acquiring fees, and settlement delays. For micro-merchants the economics of accepting cards can be weaker than UPI or cash unless merchant discount rates (MDRs) and onboarding costs are eased.

5. Exclusion and digital divide

Card usage requires a bank account, identity verification, and often digital literacy. Populations lacking these are excluded from card benefits. Reliance on plastic money without parallel inclusion programs could deepen financial exclusion for certain demographics and rural areas.

6. Consumer indebtedness and misuse of credit

Expanded credit-card availability without commensurate consumer financial literacy can raise household indebtedness and repayment stress, especially where credit limits are misused for consumption smoothing.

6. Interplay with other rails (UPI) and changing usage patterns

India's UPI dominance in retail volume has changed the role of plastic money; debit cards face substitution in low-value payments while credit cards capture value in certain segments. Industry data show credit-card volumes growing even as debit-card volumes sometimes decline indicating shifting consumer preferences and product substitution dynamics.

7. Reporting delays, bank accountability and systemic risk

Regulatory reviews have highlighted delays and lapses in reporting of frauds and the need for stronger bank accountability and incident-sharing frameworks to prevent contagion and repeat attacks.

Plastic Money in India (RBI Perspective)

S.No.	Category	Type	Issuer/ Regulator	Key Features	Usage in India	RBI Guidelines (Essentials)
1	Credit Cards	Plastic Money	Commercial banks, NBFCs (under RBI)	Borrow now, pay later; EMI options;	High urban usage	KYC mandatory, limit setting norms, fair-

				interest charges		practice code, fraud monitoring
2	Debit Cards	Plastic Money	Banks regulated by RBI	Linked to savings/current account; real-time deduction	Widely used for ATM + retail payments	Secure PIN usage, card tokenization, EMV chip requirement
3	Prepaid Cards (PPI)	Plastic Money	Banks & authorized non-banks (RBI-licensed)	Loaded in advance, used for digital & offline payments	Increasing for gifting, corporate use	KYC-based wallet limits, interoperability via UPI, fraud control norms
4	ATM Cards	Plastic Money	Banks under RBI	Cash withdrawal, balance enquiry	Common in rural + urban India	EMV chip mandate, PIN requirement, ATM security standards
5	Contactless Cards	NFC-based Plastic Money	Banks, FinTech issuers under RBI	Tap-and-pay up to ₹5,000 without PIN	Growing in metros	Limit of ₹5,000 for PIN-less transactions, tokenization norms
6	Rupay Cards	Debit/Credit/PPI	NPCI under RBI	India's domestic card network; low processing fees	Expanding rapidly	RBI + NPCI regulations, mandatory PIN/EMV security
7	Virtual Cards	Digital Plastic Money	Banks/FinTechs regulated by RBI	Card used for online payments only (no physical card)	Popular for secure e-commerce	Tokenization, 2-factor authentication (OTP)

Sources connect to the table-

S.No.	Table info	Sources
1	KYC norms for cards	RBI Credit/Debit Card Directions (2022)
2	EMV chip requirement	RBI EMV circular (2019)
3	Tokenization	RBI Card Tokenization circular (2021–22)
4	Contactless limit ₹5,000	RBI security circular for contactless payments
5	PPI rules & limits	RBI PPI Master Direction (2021)

6	Ru-Pay card regulations	NPCI Circulars & Ru- Pay documents
7	Domestic card security norms	RBI payment security guidelines

4. Future Prospects

In present technological world, we need secured payment options. Smooth, simple and secure payment processes will help to make behavioral changes and faster adoption of digital payments and banking among un-banked segments. New players with differing business models, will help the environment and offer more easy options to consumers.

The fast growth of smartphones, Internet penetration and e-commerce is increasing card payment volumes. India can expect a tremendous growth aided by the increase in debit card activation and usage. Debit card transactions have been growing at the rate of 31 per cent each year. Growing competition and strategic collaboration among existing and new market participants like the payments and small banks and wallets will help to increase acceptance and will foster creativity, popularity and innovation among the customers.

Multiple market research reports project continued growth in the plastic cards industry, driven by secure cashless transactions and new applications specially in banking, telecom, ID and transport.

According to PwC, the number of credit cards in force in India is expected to nearly double by FY 2028–29, reaching around 200 million cards driven by 15% CAGR. Combine reach of UPI with the benefits of credit cards (rewards, larger limits), potentially making them a dominant future form of "plastic money" usage, even if the card itself isn't always physically used. (Times of India)

India's digital payments ecosystem continues to grow rapidly overall, with UPI volumes in 2025 far outpacing traditional card transaction volumes. The shift toward digital including UPI, digital wallets, and QR payments likely influences how plastic cards are used more for credit & high-value, less for everyday low-value. This suggests continued strong growth in credit reliance, especially as digital platforms make credit more accessible. (The Economic Times)

Card transactions, both by debit and credit cards, are gaining huge popularity. There are interesting interactions to explore.

Suggestions

- Insufficient infrastructure is the main barrier to establishing a cashless economy. The banks still are not in the reach of the rural districts. Distant locations have lack of ATM infrastructure. To tackle the increase in electronic transactions, the banks must be well prepared. Internet and smart phones are very important for a digital economy.
- It is becoming very difficult to stop cyber-attacks so attention must be given for creating a solid legal framework which ensures data security and privacy of the customers. Digital infrastructure is very susceptible to identity theft, fraud, and cyber-attacks.
- People are being asked to pay extra to use cards in retail outlets. Government can get into arrangements with companies like visa, master card or Ru-pay to achieve this.
- Thumb scanning facility can enhance safety and people can get assured to use Plastic cards.
- The Government can make PAN mandatory in all sale transactions above a limit to facilitate greater use of cards, cheques and other instruments.
- The government should to create greater awareness among the people of the benefits of Ru-pay Cards and similar instruments.

- Transaction charges can be waived off to induce the people to use Plastic cards more.
- People should be motivated to make more use of Plastic Cards while travelling. Travel companies can give discounts to the customers to make use of Plastic Cards.
- The government should take necessary steps to build real time & safer payment gateways with high security programmed software.

5. Conclusion

Plastic money is a vital component of India's digital economy. It offers transformative benefits but poses challenges in fraud management, financial literacy and equitable adoption. Future research should integrate emerging themes such as tokenization, embedded finance and the impact of digital payments on behavioral economics. Continued monitoring, enhanced fraud controls and consumer education are essential for sustainable growth of plastic money in India.

Plastic money offers convenience and accessibility, allowing users to make transactions anytime, anywhere. This has been beneficial in urban areas where the adoption of digital payment methods is widespread. Plastic money has contributed to financial inclusion in India. Addressed security concerns and ensured equitable access will be crucial for its continued success in fostering a more inclusive and efficient economy.

India is moving towards cashless society. Cash or regular money can be replaced by plastic money. The way that the banking system operates has changed as a result of information technology. It is a more modern and convenient way to pay for goods and services.

In present era, it is impossible to imagine modern bank transactions, commercial transactions and other payments without using the plastic cards. Plastic currency is now gradually becoming a necessity across the globe as more and more developed countries are opting for plastic compared to paper as there are several advantages. Usage of mart phones has made technology applications much more accessible to users. The Government also moved forward for a "Digital India" and its focus on growing electronic payments is a significant driver of growth in replacing physical payments with technology-backed solutions. India is at the stage of shifting towards electronic money from traditional cash. The Pradhan Mantri Jan Dhan Yojana (PMJDY), is building recognition among people and motivating them to move from paper to electronic money. Rupay has become very popular. The PMJDY alone has seeded over 150 million Rupay cards in the last year, in addition to the 400 million debit cards which are already in circulation.

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