



Plastic Money – Advantages & Disadvantages

Description

What is Plastic Money:

Using plastic cards in place of physical cash is now a common phenomenon. These cards are called plastic money. Debit cards & credit cards are good examples of plastic money. Plastic money has provided us with the ease of conducting transactions in our day to day life. It has definitely replaced cash transactions to a great extent all over the world and has emerged as an essential form of ready money. It has made it too easy for us to buy things we normally could not afford and in such a scenario it is important to understand the merits and demerits of plastic money.

Advantages of plastic money:

- Plastic money has not only provided us with convenience, but it has also eliminated the inconvenience that is caused by carrying cash. For instance, when the job of a working executive involves a lot of inter-state travel he/she has to entail numerous expenses like travel, stay, food etc. In such a case it is not only troublesome to carry money but also there is a risk of theft.
- With credit or debit cards being used, one benefit is the reduction in robberies and crimes. It is very difficult to hack the PIN of a card, for which a person needs to know specific techniques. Thus the credit & debit cardholders can be sure about the safety of his/her money to some extent. Also if the card is stolen, the credit or debit cardholder can ask the bank to block the card to prevent its misuse.
- With the advent of credit cards, an individual can avail of the benefits of a credit facility and pay at a later date. This kind of benefit is not available when cash is being used for making purchases. Also, credit cards eliminated the need to depend on people to borrow money in case of emergencies and financial needs.



- Owning an international debit or credit card provides international acceptability and the ease to make purchases with that card itself rather than facing the inconvenience caused by the conversion of currency.
- Plastic money eliminates the problem of fake currency notes.
- Credit cards and debit cards can be used easily for making online payments, transfer of funds and various other transactions. It is very easy to make payments from any place through plastic money. Further, some online retailers also provide discounts on making payments through credit and debit cards.

Disadvantages of plastic money:

- There are several places where there is a need for cash only. For instance purchasing utilities from a small retailer or for payments to the milkman, newspaper boy, etc. Still, not everyone knows how to use technology. Further religious places like temples generally accept cash as offerings. Thus plastic money cannot completely replace cash and thus cannot be used everywhere.
- When we are making an online purchase through a form of plastic money there is a certain degree of risk involved as we share our bank details and other financial information on the internet which is not always a safe place. Cybercrimes are on the rise.
- While it is true that credit cards give us ample time to pay for purchases made through them, it can also not be ignored that on the lapse of that period the cardholder has to pay the interest amount. Many people are drowning in debts by using multiple credit cards.
- Having the ease to make payments makes a person unable to keep control of his/her purchases and enable the person to oversee if the purchase is cost worthy or not. Impulsive purchases have now become a common phenomenon among youth.

Conclusion:

It can definitely not be denied that various forms of plastic money like credit cards, debit cards and others have made life easier by providing various advantages over the use of cash. But at the same time, there are few disadvantages which cannot be denied. Thus it can be concluded that it is the responsibility of the individual to carefully use plastic money to avail its benefits. Moreover, constant technological innovations are eliminating some of the disadvantages.

Your Turn!

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