



# Impact of Covid 19 on Banking Financial Services: A case Study of District Kangra of Himachal Pradesh State

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**Abstract:** The corona virus first appeared in Wuhan (China) in 2019 and within few months it travelled the entire world. The virus left no country untouched and every sector of the economy was adversely affected. The banking and financial sector was not escaped to its direct hit. The covid-19 virus has affected 430,24,440 people with deaths 521,159 in India and 2.85 Lakh cases with 4,133 deaths in Himachal Pradesh. The study reveals that the people are shifting to digital mode of payments and transactions and banks are increasing the digital technology access besides improving their technology and systems

**1. Introduction:** Corona virus has adversely affected every sector. Because of this virus, the economy of India is not only disruptive, but the economy of the world had been affected. Corona virus had changed the life of people to a great extent, as due to it, there is a lot of change in social and economic factors. People lost their jobs, which lead to lower morale, downfall in productivity, and reducing purchasing power reduces. Because of Covid-19 there was a lockdown so that infectious virus doesn't transmit but this lockdown lead to downfall of economy because of reduction in labor force, production and supply fall and unemployment increases, increase in prices of products and services and effect on startups and entrepreneurs because they were not in a condition to take loans which impacted financial services.

Covid-19 has changed life style of people, they are now indulged in online platforms, because of covid -19 there is advancement in technology but on the other hand it is difficult for rural areas to use online platform because of lack of internet facilities. According to International Finance Corporation world bank group (2021) because of virus there is reduction in bank employees and they have to work from home and banks has encouraged the use of digital platform, the study also states that there is downfall in loan department which has lead to loss for banks, and significant increase in nonperforming assets(NPA) Moreover, study states 120-150 million people are moving towards poverty section. Covid-19 had changed the working model of banking system and moved towards digitalization. Banks should focus more on their customers to provide them knowledge about the products and services.

## Post Covid-19 impact on Banking and Financial Sector

- Decline in banks credit growth.
- Gross state Domestic product remained stagnant.
- Per capita income also remained stagnant.
- Industrial sector and service sector growth rate witnessed decline.

## 2. Literature Review

**Batra (2021)** in his study states that, Covid-19 has deeply affected India's banking and economic sectors. It has reduced GDP and increased inflation. The exchange of currency has fallen. In the early stages of the epidemic, the financial sector suffered huge decline but it has since recovered and. Gold and stock have performed well in comparison to bonds, which have a low yield. The interconnection between financial markets has shifted.

**Trisnowat et al, (2020)** in their study state that, usage of cash deposit in money transfers did not vary statistically between the time pre and post the Covid-19 pandemic, however digital payment transactions did alter statistically between the periods pre and post the Covid-19 pandemic. The public payment behavior has not altered much in general over the epidemic period while social distancing regulations were enforced, but the usage of electronic payments for purchasing requirements has grown. Increased usage of electronic transfers is projected to lead to more spending by online applications.

**Agan (2020)** in his study found that due to covid-19 there is negative impact on present and future on an individual, business, and working of household. The study revealed that due to covid-19 people are using more online platforms. They prefer using online shopping platforms and increased mode of digital payment and more focus on customer service. The study revealed that from last year there was 1.5% increase in online card payments.

**Mistry and Vyas (2022)** their study revealed that due to pandemic people are stressed and avoid. They were physical banking they are preferring online platforms for transaction of money, to safeguard themselves and their families from the epidemic. The clients chose virtual banking and kept social distance. People are using RTGS, NEFT during covid-19 to safeguard them from corona and following the guidelines offered by the government. The study also states there are some limitations of using online platforms such as security issue and network problem which lead to delay in transfer of money by just one click.

**Praveen and Hebbar (2020)** in their study state that, in India, there are several digital payment options, but the majority of clients favor only few of them. The people lack sufficient knowledge of all accessible digital payment solutions. The bank should implement suitable awareness initiatives to ensure that consumers have access to the most up-to-date information and can take use of all available services.

**Priyanka (2018)** in her study revealed that e - payment system is gaining popularity now as the market becomes more globalised and the financial sector expands. As a result, more and more individuals are switching from cash to digital payments. In modern environment, the cashless system is not just a desire, but also a necessity. The whole internet economy is based on a cashless transactions which are not only safer than cash, but less time consuming. It also helps in keeping track of all transactions. The future transaction system is heading towards digital payments.

**Akilandeswari and Premalatha (2021)** in their study state that because of covid-19 people start using digital platforms. The electronic payment system played a vital role in social distancing and to avoid crowds. The negative consequences of the COVID-19 pandemic are affecting various sectors, including manufacturing, vehicles, retail outlets, the aviation industry, and the hotel industry, which are suffering due to lockdown. Shops remained closed, travel been prohibited, customers' unrestrained spending on entertainment and tours has decreased, significantly harming digital payments.

### 3. Research Methodology

#### Sampling Design

**Sampling Unit-** Person maintaining good operative saving bank account with ATM card.

**Sampling Size-** 120 persons maintaining good operative saving bank account in bank.

**Sampling Technique-** Convenient Sampling Technique.

**Data Collection Design-** Primary data have been collected by formulating a questionnaire.

**Research tools and techniques-** Mean, Standard Deviation, percentage and frequency have been used.

#### Objective of the study

1. To examine the impact of covid-19 on banking financial services in district Kangra of Himachal Pradesh.
2. To examine the digital banking approach of the customer during covid-19 in District Kangra of Himachal Pradesh.

### 4. Analysis and Interpretations

**Table 4.1 Descriptive Statistics**

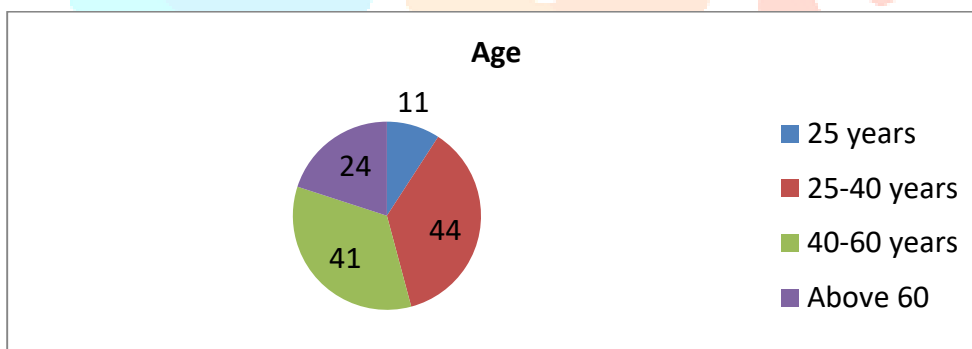
	N	Minimum	Maximum	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Age	120	1	4	2.65	.083	.904	.818
Income	120	5	8	6.06	.068	.748	.560
Gender	120	10	11	10.43	.045	.496	.246
Occupation	120	12	14	13.17	.065	.714	.510
Post covid-19 usage of e-payment	120	15	19	16.99	.139	1.520	2.311
Pre usage of e payment	120	15	19	16.99	.128	1.399	1.958
Future of Indian Banking Services	120	20	22	20.79	.071	.777	.603
Lack of a awareness of online banking facilities	120	23	24	23.49	.046	.502	.252
Security and privacy issues timely resolved	120	25	26	25.43	.045	.498	.248
N	120						

Captioned Table 4.1 on Descriptive Statistics covering demographics like age, income, gender and occupation besides online banking facilities usages and payment system describes that the mean statistics are within the acceptable minimum and maximum statistics. The standard Derivative and variance are also within the acceptable range.

**Table 4. 2: Age of Respondents**

		Frequency	Percentage
Valid	Up to 25 years	11	9.2
	25-40 years	44	36.7
	40-60 years	41	34.2
	Above 60	24	20.0
	Total	120	100.0

Above table shows that 36.7% of respondents belong to age group between 25-40 years, 34.2% of respondents belong to age group between 40-60 years, 20% of respondents belong to age group above 60 years, and 9.2% of respondents belong to age group up to 25 years. From above data we understand that majority of respondents using banking services and technology belong to age group between 25-40 years and 40-60 years.

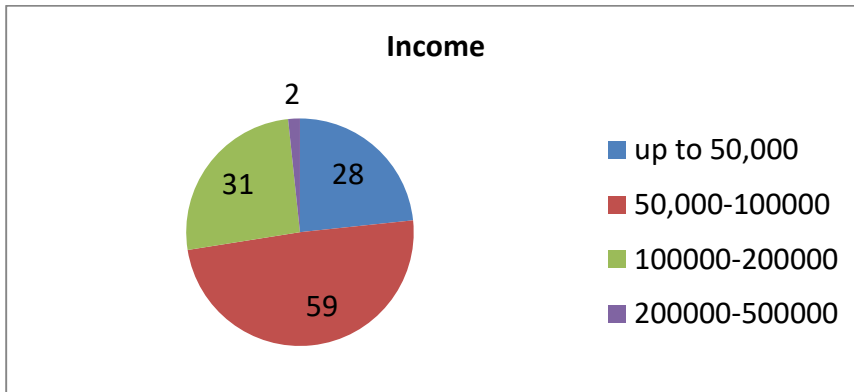


**Figure4.1** The data has been depicted through figure as graphical presentation for the instant clarity.

**Table4.3: Income of Respondents**

		Frequency	Percent
Valid	up to 50,000	28	23.3
	50,000-100000	59	49.2
	100000-200000	31	25.8
	200000-500000	2	1.7
	Total	120	100.0

Above table shows that 49.2% of respondents belong to income between 50,000- 100000 25.8% of respondents belong to income between 100000-200000, 23.3% of respondents belong to income up to 50,000, and 1.7% of respondents belong to income 200000- 500000 . From above table we conclude that majority of respondents using banking services and technology belong to income between 50,000- 100000 and 1lakh to 2 lakh.

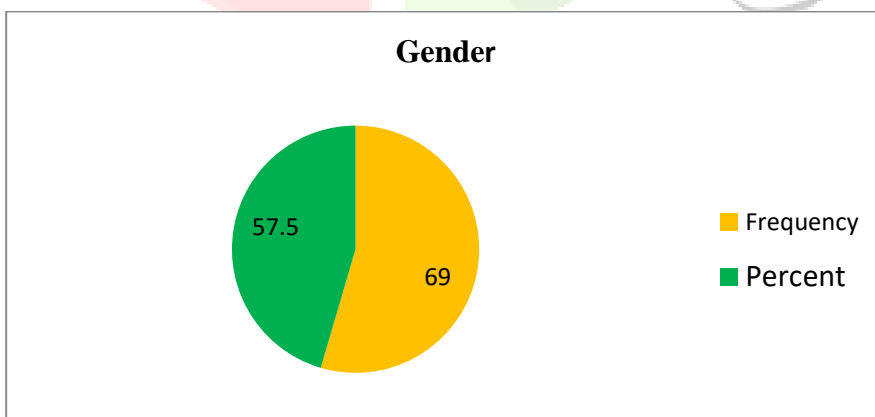


**Figure 4. 2** The data has been shown in the figure by way of pie chart for instant and immediate clarity.

**Table 4.4: Gender**

		Frequency	Percent
Valid	Male	69	57.5
	Female	51	42.5
	Total	120	100.0

Above table shows that 57.5% of respondents are male and 42.5% of respondents are female. From the above table it is clear that majority of respondents using banking are male.

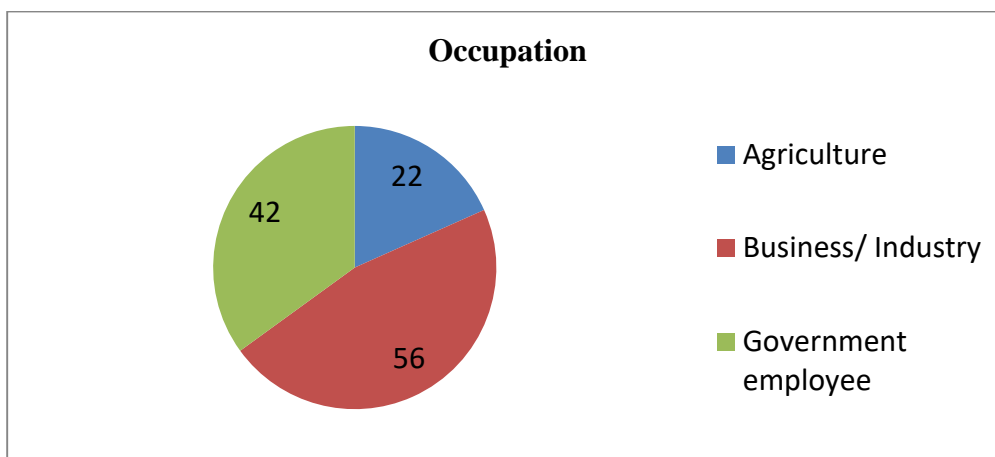


**Figure 4.3** The data has been shown in the figure by way of pie chart for instant and immediate clarity.

**Table 4.5: Occupation of Respondents**

		Frequency	Percent
Valid	Agriculture	22	18.3
	Business/ Industry	56	46.7
	Government employee	42	35.0
	Total	120	100.0

Above table shows that 46.7% of respondents belong to business field, 35% of respondents belong to government sector, and 18.3% of respondents belong to agriculture sector. So, from above table it represent that majority of respondents using banking service who belong to business occupation and government employees.

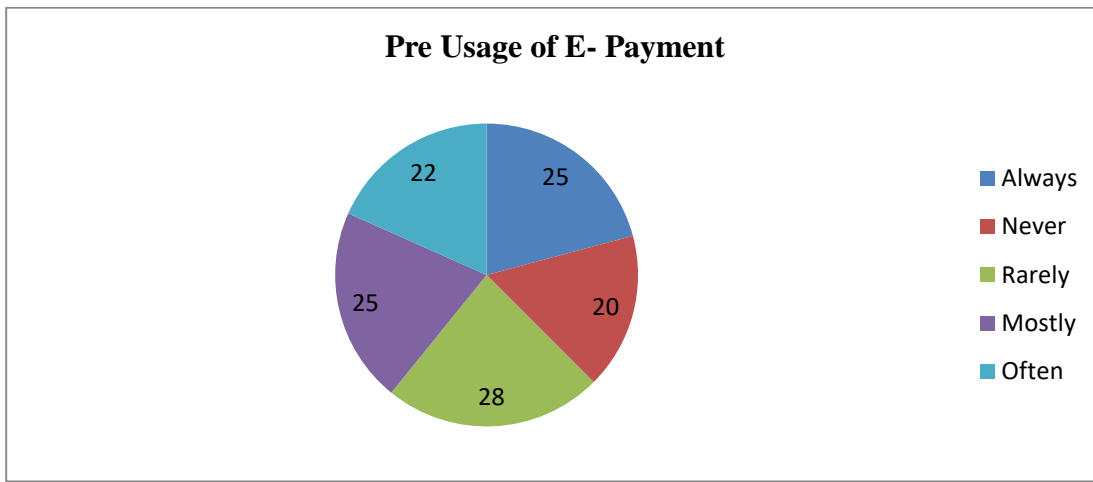
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**Table 4.6: Pre Covid-19 Usage of E- Payment**

		Frequency	Percent
Valid	Always	25	20.8
	Never	20	16.7
	Rarely	28	23.3
	Mostly	25	20.8
	Often	22	18.3
	Total	120	100.0

Above table shows that respondents are not aware electronic banking they are not satisfy with service. There is imbalance in technological advancements as the above parameters indicate.

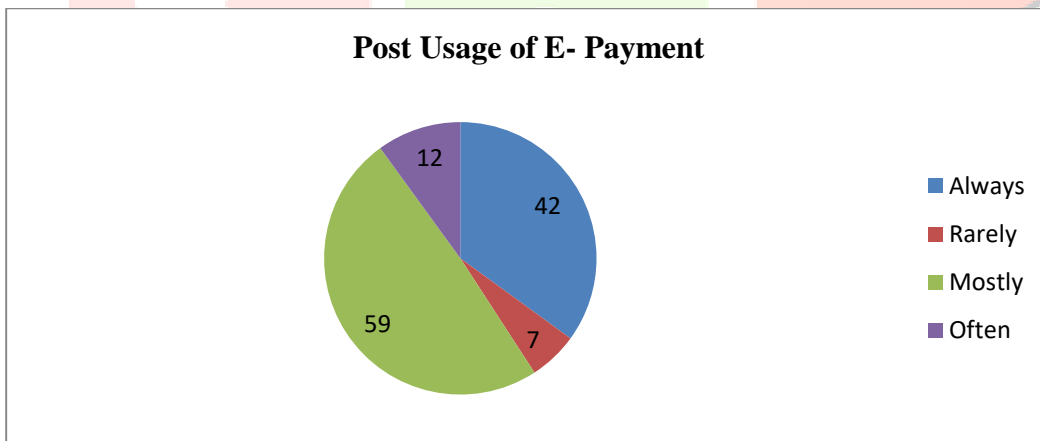


**Figure 4.5** The data has been shown in the figure by way of pie chart for instant and immediate clarity.

**Table 4.7: Post Covid-19 Usage of E- Payment**

		Frequency	Percent
Valid	Always	42	35.0
	Rarely	7	5.8
	Mostly	59	49.2
	Often	12	10.0

Above table shows that majority of respondents are using electronic services, there is not a single respondents who is not aware of electronic payment. So, this indicate that there is a positive impact on respondents in regard to electronic payment services provided by the bank.



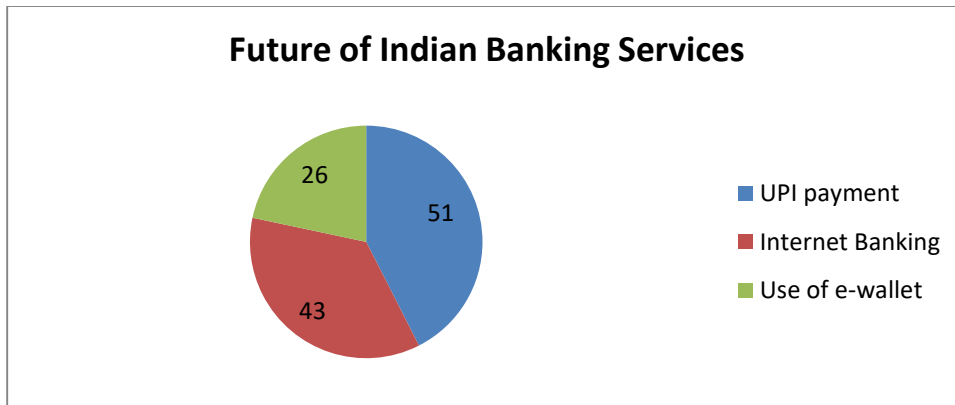
**Figure 4.6**

The data has been depicted through figure as graphical presentation for the instant clarity.

**Table 4.8: Future of Indian Banking Services**

		Frequency	Percent
Valid	UPI Payment	51	42.5
	Internet Banking	43	35.8
	use of e-wallet	26	21.7
	Total	120	100.0

Above table shows that majority of respondents use UPI payment system as compared to internet banking and use of e- wallet. 42.5% of respondent uses UPI payment. 35.8% of respondents using internet banking and 21.7% respondents are using e-wallet.



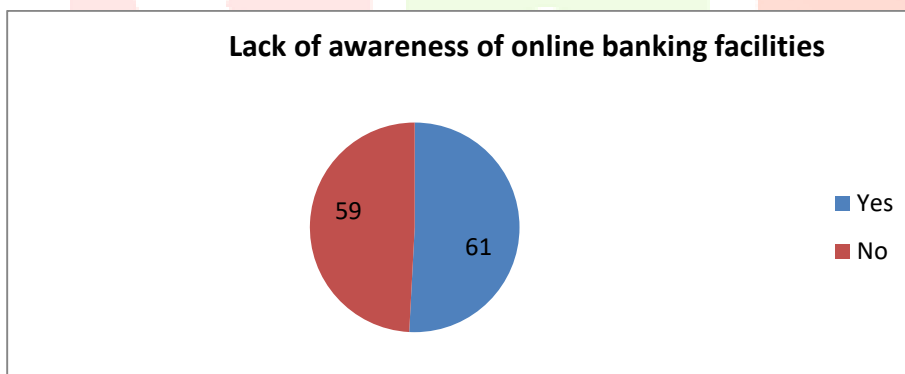
**Figure 4.7**

The data has been depicted through figure as graphical presentation for the instant clarity.

**Table 4.9: Lack of awareness of online banking facilities**

		Frequency	Percent
Valid	Yes	61	50.8
	No	59	49.2
	Total	120	100.0

Above table shows that 50.8% of respondents are not aware of online banking facilities and 49.2% are aware of online banking facilities.



**Figure 4.8**

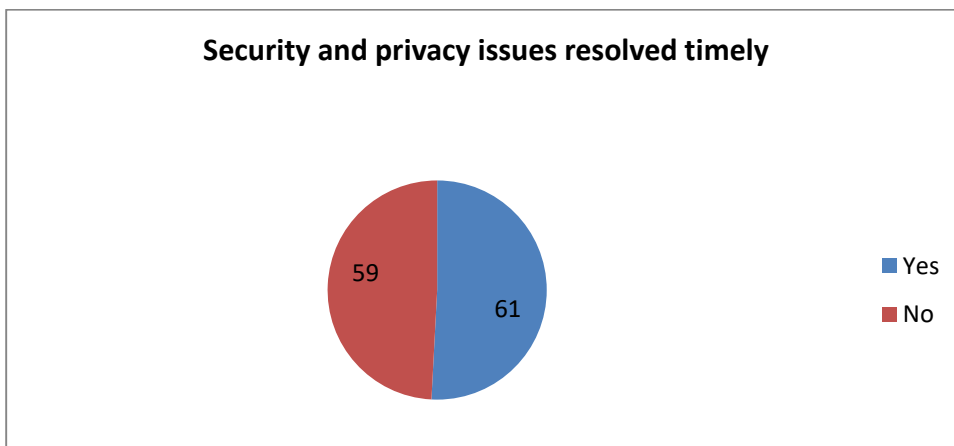
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**Table 4.10: Security and privacy issues resolved timely**

		Frequency	Percent
Valid	Yes	68	56.7
	No	52	43.3
	Total	120	100.0

Above table shows that majority of 56.7% respondents issues and resolved timely whereas 43.3% respondents issues regarding security and privacy are not resolved.





**Figure 4.9** The data has been depicted through figure as graphical presentation for the instant clarity.

**5. Discussions of Results and Findings:** Majority of respondents using banking services and technology belong to age group between 25-40 years and 40-60 years. Respondents using banking services and technology belong to income between 50,000- 100000 and 1lakh to 2 lakh. Majority of respondents using banking services and technology are male. Respondents using banking service who belong to business occupation and government employees. Respondents are not aware electronic banking they are not satisfy with service. Respondents are aware of electronic banking services and prefer UPI payment system and issues are resolved timely.

## 6. Conclusion

1. Usage of e-payments during covid-19 period increased substantially.
2. Use of technology products like ATMs, mobile banking, swipe system increased substantially.
3. Commercial Banks credit growth which had become stagnant during covid-19 period, started showing signs of improvements.
4. The customers of the Commercial Banks are increasing their awareness towards digital banking products and online banking services.
5. Consequent to effective planning and adequate provisions the Indian Commercial Banks were not much effected.
6. The customers trust, confidence and usage of online transactions increased.
7. The Commercial Banks also improved their online services.
8. Online banking, swipe system, UPI usage increased as these reduce human contact and are safer.
9. Banks are focusing on improved connectivity, online banking services and reducing crowds.

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