



A STUDY ON THE IMPACT OF THE PANDEMIC ON DIGITAL BANKING CUSTOMERS IN COIMBATORE CITY

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Abstract - The banking sector of a country substantially assists and accelerates the economic development, facilitating saving plans thereby holding a significant position in ascertaining the Government's monetary strategies. Since nationalization in 1969, the Indian banking system has made progressive technological improvements enhancing their services to conduct financial activities digitally through several online platforms. Digitalization has enabled customers to access their accounts and manage banking transactions through digital banking, *anywhere and anytime* using their PC's, laptops, mobiles and compatible smart devices with good internet connectivity. These innovative banking practices have created opportunities for its adoption among individuals and businesses that perform digital transactions on a daily basis. The effects of 'Demonetization and the Pandemic' have been a catalyst in impacting customers approach to banking transactions. Further, with the outbreak of the pandemic, the citizenry witnessed stringent protocols, which disrupted their day to day activities, taking time to return to normalcy. The present study intends to determine the impact of the pandemic on banking customers transacting digitally and the problems faced by them. Descriptive Statistics with Percentage and Mean Score analysis along with paired t test were applied to numerous factors to infer the findings.

Keywords: Banking, Customers, Digitalization, Pandemic, Digital transactions

I. Introduction to the study

1.1 Digital Banking

Digital banking refers to the digitalization of conventional banking services and procedures in order to provide online client support. The most common operations and financial activities that fall under this category are all of standard banking services that can be accessed round-the-clock on computers, smartphones, and other appropriate devices without requiring a customer to physically visit the bank branch. The services offered in digital banking are listed below.

- Establishing an Online bank account
- Procurement of bank statement copies
- Withdrawals of cash
- Transfer of funds
- Management of checking and savings accounts
- Application and management of loans
- Payment of bills
- Tracking of transaction records

It goes without a saying that digital banking technology simplifies the use, management and accessibility of all conventional services.

1.2 Banking customers

A bank customer can be an individual or entity having a bank account, receiving the available facilities and benefits. Banks open accounts for various types of customers like individuals, firms, trusts etc.,. Customers choose a bank based on its interest rates, service charge as well as the convenience of its locations among other factors. For all banking customer operations, the banker abides by several legal aspects and practices involved in conducting those accounts.

1.3 Impact of the Pandemic on customers digital transactions

The unexpected outbreak of Covid 19 in several states across the country in 2020 had a boundless impact on people from all walks of life. It is evident that individuals throughout the world witnessed the unfathomable effects of the pandemic, which led to a number of issues. Since the beginning of this circumstance, anxiety has affected every person. It is notable that despite the crisis, individuals had to go about their daily lives.

People found it challenging to manage businesses, make financial transactions, and buy household products due to the imposition of rigorous lockdown limitations and social distancing protocols. With the aid of digital payments and the ability to offer digital instruments that were superior to cash, such as internet banking, debit cards, mobile banking, mobile wallets, etc., the banking industry played a significant role at this time. This crisis seemed to boost the usage and adoption of digital technologies among customers in carrying out financial transactions during the pandemic.

Moreover, studies showed that this crisis had also contributed to a rise in the usage of digital payments; in low- and middle-income nations, revealing the fact that more than 40% of adults made their first merchant in-store or online purchase using a card, phone, or the internet since the pandemic began. The current pandemic in

India has led to a notable surge in the use of digital banking, raising customer expectations for prompt and personalized service. Most of financial needs are now handled by many stay-at-home parents via digital means, such as the internet and smartphones.

II. Review of Literature

2.1 Sudha.G et al. (2020) in their study have explored the impact of Covid-19 outbreak in Digital Payments. The goal of the Indian government's flagship program, Digital India, is to transform India into an information economy and digital society. Based on primary data gathered from 220 respondents, this study examines the various digital payment methods used in the event of a pandemic. All transactions in this futuristic world can be completed via smart phone apps, contactless cards, and other electronic methods. The world's fastest-growing mobile industry is sought after by the government, which hopes to see a billion digital transactions every day. Covid-19, a crisis which paralyzed activities, further increased the need for E-banking transactions. Digital transactions have increased during this time.

2.2 L.V. Raj et al. (2023) in the present study have accentuated the influence of Covid-19 in the adoption of cashless transactions. Preventive and social separation measures were employed in various countries around the world to cover the spread of the pandemic. Due to the outspread of the virus, people were hesitant to carry out physical transactions or use physical currency. The Global Payments Report 2021 specified that cash usage at point-of-sale terminals decreased by 36.13% globally and 51.42% in India. Mobile wallet usage increased by 31.79% at worldwide point-of-sale terminals and 22% in India.

2.3 Sandeep Kaur & Nidhi Walia (2021) have probed the impact and adoption of Covid 19 on digital transactions and related issues in India. The use of digital payments have been found to be significantly impacted by COVID-19, according to the findings of a paired sample t test. It was discovered that people were reluctant to switch to digital payment platforms due to obstacles like low rates of financial inclusion, problems with network congestion and internet connectivity, along with the cultural preferences for cash.

III. Objectives of the study

- To evaluate the impact of the pandemic on customers using digital banking and their preferred modes of transacting.
- To discover the problems faced by banking customers during the pandemic.

IV. Research Methodology

At present, the citizens continue to have a high degree of confidence in the digital banking and payment systems since they have proven to be stable and resilient. The advancement in digital payment infrastructure have supported people's needs in the post-Covid era and has been a driving force behind the transition into this new normal. In order to probe the customers' opinion towards the influence of the pandemic on Digital banking services, the present study progresses to understand the various indicated objectives. The study is based on primary and secondary data. Further, Snowball sampling technique was used to collect data from the respondents, through a well-structured questionnaire, shared using Google forms, which was obtained from 1,219 respondents of Coimbatore city. The researcher has applied Percentage analysis, means rating analysis and paired t-test to infer the results. Evidence has been collected from journals and websites for exploring the study.

V. Analysis and Interpretation

5.1 Impact of the Pandemic on Digital Banking and preferred modes of transacting

❖ RISE IN DIGITAL TRANSACTIONS DURING THE PANDEMIC

TABLE NO.1
RISE IN DIGITAL TRANSACTIONS DURING THE PANDEMIC

Parameters	Frequency	Percent
Yes	161	13.2
No	308	25.3
Not at all	750	61.5
Total	1219	100.0

Source: Primary Data

Interpretation

The aforementioned data indicates that the majority of respondents (61.5%) said there was no genuine increase in their digital transactions during the pandemic, followed by 25.3% who said "no" and 13.2% who said there had been an increase. As a result, the majority of respondents believed that the epidemic had not actually caused a rise in their digital transactions.

❖ MODES OF TRANSACTING DIGITALLY DURING THE PANDEMIC

TABLE NO. 2
MODES OF TRANSACTING DIGITALLY DURING THE PANDEMIC

Parameters	Frequency	Percent
Digital Banking [NEFT, RTGS, IMPS]	133	10.9
ATMs/CDMs	152	12.5
Debit Cards / Credit Cards	519	42.6
Digital Wallets	36	3.0
By visiting the Branch	379	31.1
Total	1219	100.0

Source: Primary Data

Interpretation

According to the above table, 42.6% of the respondents made purchases during the pandemic using their debit or credit cards, 31.1% made their transaction by visiting a branch, 12.5% by using an ATM or CDM, 10.9% used digital banking [NEFT, RTGS, IMPS] and the remaining 3% made their transaction using Digital Wallets. Therefore, it is concluded that most of them used either their Debit or Credit card to make their purchases during pandemic.

PREFERENCE OF USING DIGITAL BANKING FOR ONLINE SHOPPING DURING THE PANDEMIC

TABLE NO. 3

PREFERENCE OF USING DIGITAL BANKING FOR ONLINE SHOPPING DURING THE PANDEMIC

Parameters	Frequency	Percent
Handiness of discount and rewards	187	15.3
Ease of funds transfer / payments methods	530	43.5
Cash back on selected Card payments	104	8.5
Avoidance of handling cash and having direct interaction with people	398	32.6
Total	1219	100.0

Source: Primary Data

Interpretation

It is notable from the aforementioned table that 43.5% of the respondents preferred using Digital payments due to Ease of funds transfer / payments methods during the pandemic, 32.6% of the respondents preferred this due to avoidance of handling cash and having direct interaction with people, 15.3% of them preferred this facility due to handiness of discount and rewards and 8.5% for the cash back on selected card payments. Therefore, it is concluded that maximum of the respondents used digital banking for online shopping due to ease of funds transfer or payments methods during the pandemic period.

❖ EXAMINATION OF THE PREFERRED DIGITAL BANKING MODE PRIOR TO AND DURING THE PANDEMIC

A hypothesis was formulated and examined through the utilization of the Paired t-test. Prior to doing the paired t-test, a normality test was run since the data was found to be regularly distributed. The table below displays the results of the Paired t-test:

H₀: There is no significant association between the preferred mode of digital banking prior to and during the pandemic.

**TABLE NO.4
PREFERRED MODE OF DIGITAL BANKING PRIOR TO AND DURING THE PANDEMIC**

		Paired Samples Test				
		Mean	N	Std. Deviation	Correlation	Sig
Pair 1	PREFERRED TYPE OF DIGITAL BANKING SERVICE	2.83	1219	1.041	.101	.000
	METHOD OF DIGITAL BANKING TRANSACTION DURING THE PANDEMIC	3.31	1219	1.319		

Source: Primary Data

Interpretation

From the table above, it is evident that the significant value (.000) is less than the p-value 0.05, hence, there exists a significant relationship between the preferred mode of digital banking prior to and during the pandemic.

❖ SECURITY IN USING DIGITAL BANKING DURING THE PANDEMIC

**TABLE NO. 5
SECURITY IN USING DIGITAL BANKING DURING THE PANDEMIC**

Parameters	Frequency	Percent
Neutral	193	15.8
Agree	486	39.9
Strongly Agree	540	44.3
Total	1219	100.0

Source: Primary Data

Interpretation

The table above indicates that 44.3% of the respondents agree with the fact of security in using digital banking services during the pandemic, 39.9% also agreed to it and minimum 15.8% remained neutral about the fact. Hence, most of the respondents agreed with the fact of security in using digital banking services during the pandemic.

❖ **BANK'S ADVISE ON ADOPTION OF DIGITAL BANKING DURING THE PANDEMIC****TABLE NO.6****BANK'S ADVISE ON ADOPTION OF DIGITAL BANKING DURING THE PANDEMIC**

Parameters	Frequency	Percent
Yes	394	32.3
No	825	67.7
Total	1219	100.0

Source: Primary Data

Interpretation

It is understood from the table that 67.7% of the respondents believed that there were no advise from banks suggesting the adoption of digital banking during the pandemic whereas 32.3% of them agreed to the fact. Therefore, majority of them believed that there was no advise from banks suggesting the adoption of digital banking during the pandemic.

5.2 Problems faced by Digital banking customers during the pandemic**MEAN SCORE ANALYSIS**

In order to comprehend the issues that respondents encountered throughout the pandemic, a descriptive statistic was run. A five-point Likert scale with five parameters was developed to gauge the issues. Strongly agree, agree, neutral, disagree and strongly disagree were the options presented for each statement. Each item was assigned as, 5 - strongly agree, 4 - agree, 3 - neutral, 2 - disagree and 1 - strongly disagree

TABLE NO. 7**PROBLEMS FACED BY DIGITAL BANKING CUSTOMERS DURING THE PANDEMIC**

Descriptive Statistics					
Factors	N	Minimum	Maximum	Mean	Std. Deviation
Shortage of cash at ATMs	1219	3	5	4.18	.738
Lengthy queue at ATMs	1219	3	5	4.17	.712
Insufficient bank service	1219	3	5	3.92	.770
Reduced banking hours	1219	3	5	4.04	.721
Valid N (Listwise)	1219				

Source: Primary Data

Interpretation

According to the above table, the respondents' top concern during the pandemic was shortage of cash at ATMs (mean rating of 4.18), followed by Lengthy queues at ATMs (mean rating of 4.17), fewer banking hours (mean rating of 4.04) and insufficient bank service (mean rating of 3.92). As a result, it can be said that the foremost issue faced by respondents' during the pandemic was shortage of cash at ATMs.

VI. Findings

- Majority of the respondents believed that the epidemic had not actually caused a rise in their digital transactions.
- It is concluded that most of them used either their Debit or Credit card to make their purchases during pandemic.
- It is discovered that maximum of the respondents used digital banking for online shopping due to ease of funds transfer or payments methods during the pandemic period.
- Most of the respondents agreed with the fact of security in using digital banking services during the pandemic.
- It was inferred that maximum of them believed that there was no advise from banks suggesting the adoption of digital banking during the pandemic.

- It is revealed from the study that the foremost issue faced by respondents' during the pandemic was shortage of cash at ATMs.

VII. Conclusion

The RBI and the Government are still encouraging the citizenry to take on digital transactions rather than using cash, in order to transform India closer to a cashless society. It is notable that the digital banking and payments systems are accepted and incorporated by the population, however, an upsurge in the overall customer adoption is imperative and anticipated.

Lockdown limitations caused a spike in the use of Internet banking. In addition to the rise in digital banking usage, contactless solutions have also increased amid social distancing measures. From the present study it is palpable that the respondents have been using digital banking services preferring the usage of Debit/Credit card as modes of payment since it is easily accessible for making online payments. On the whole, respondents opine that it was safe and secure to conduct digital transactions, besides, it was understood that shortage of money at ATM's was the foremost inconvenience faced by them during the pandemic phase.

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