



"Impact Of Covid 19 On Digital Payments"- A Study

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Abstract:

The advantages of digital payments over cash in the modern world include simple transactions, increased security, and transparency. By offering digital instruments like debit cards, mobile banking, mobile wallets, etc., the banking industry plays a significant role in digital payment in this pandemic environment. The epidemic may hasten the shift to digital payments. Digital payment-related factors. Due to their track record of dependability and sustainability, payment systems continue to enjoy a high level of public trust. But typical transaction volumes decreased as a result of the lock-down and company shutdown. In order to aid in the recovery and promote it, it is essential that the environment for digital payments grows swiftly and reaps the benefits of the post-COVID period.

Keywords: Digital Payments, Covid 19.

INTRODUCTION

Around the world, people's daily life has seen substantial changes as a result of the COVID-19 pandemic epidemic. People and organizations now need to employ digital solutions, including for payments, for a variety of jobs as a result of the pandemic. India, one of the largest and fastest-growing markets for digital payments worldwide, has had a significant impact from the pandemic.

The purpose of this study is to assess the impact of COVID-19 on electronic payments in India. The study will examine the impact of the epidemic on mobile wallet adoption and use in India as well as the use of UPI and other digital payment systems. The study will also assess the challenges and opportunities the pandemic has created for Indian digital payment providers.

The Reserve Bank of India's (RBI) and Indian government's policy responses to the pandemic's effects on the digital payments sector will also be looked at in the study. The study will examine the actions taken to address the challenges digital payment service providers faced during the epidemic as well as the steps taken to promote the adoption of digital payments.

Readers will have a clear understanding of how COVID-19 has impacted digital payments in India and what it implies for the future of the nation's digital payments ecosystem after reading this study.

LITERATURE REVIEW

1. THE TIMES OF INDIA, SEPTEMBER 2022. The well-known network for large-scale retail payments known as Unified Payments Interface, or UPI, recorded another record-breaking month in August. The platform processed transactions of 10.73 trillion rupees for a total of 6.57 billion (657 crore) transactions, according to data from the National Payments Corporation of India (NPCI). UPI transactions surged in volume and value by 85% and 68%, respectively, over the previous year.
2. BFSI, November 2021. From about 2 billion in October 2020 to 4.21 billion in October, UPI transactions have surged. Transactions in October 2021 amounted Rs 7.7 lakh crore in dollars.
3. BUSINESSLINE, November 2020. People tend to be more aware of contactless payments in daily life now that the Covid outbreak has occurred. The use of UPI (Unified Payment Interface) has dramatically increased during the shutdown, despite the fact that many people began using it before the pandemic.
4. ASHLIN MATHEW AND BJEFF KEARNS, October 2022. In India, the number of digital payments has grown at an average rate of almost 50% per year during the last five years. India's unique real-time, mobile-enabled system, the Unified Payments Interface (UPI), has experienced an expansion rate of almost 160 percent yearly, even if that growth rate is among the fastest in the world.
5. BUSINESS STANDARD for August 2022. Since the network's introduction in 2016, the number of transactions recorded by India's top digital payments platform, Unified Payments Interface (UPI), in July crossed 6 billion, setting a record high.
6. [DESHWAL, 2015] The study explored the significance of mobile phones for delivering financial services in India and how they have aided the nation's economy to grow at a reduced cost. She believes that promoting inclusive growth for the common person can be accomplished by reaching out to the nation's most rural communities. Collaborations between diverse organizations are necessary to increase the adoption of mobile banking from high end users to low end users and from large metropolitan areas to rural locations. She continues by describing how various advertising campaigns may persuade people to utilize mobile banking.
7. (2012) GOYAL, PANDEY, & BATRA They have discovered that addressing the various obstacles to security and privacy is crucial to the effective implementation of online payments and to their general acceptance. In order to win over customers and convince them to adopt this payment method, they also underlined the necessity for businesses and merchants to take the initiative and

make value-adding initiatives. They also emphasized how, despite the fact that many attempts to extend safe transactions have failed, endless efforts are being made to build potential technology advancements that can answer customers' security concerns and address their grievances.

8. (SREELAKSHMI & PRATHAP, 2020) According to their study, releasing numerous health and awareness campaigns regarding the COVID-19 virus' risks will aid in promoting mobile banking and spreading awareness of preventive health issues. In order for customers to use the services, they also discuss how important it is to emphasize the significance of promoting customers' self-efficacy through online literacy and promotion activities. Their study also noted that the addition of more features and goods to a single platform can further speed up the adoption of mobile payment services.
9. Mobile banking adoption in an emerging economy: An empirical analysis of young Indian consumers, 2018 (PRIYA, GANDHI, & SHAIKH) The authors of the study indicated that mobile banking should be considered an effective, simple, quick, and pleasant way to do financial activities. They believe that banks should seize this opportunity to provide customers additional beneficial services in order to promote the mobile banking platform. It was also claimed that if clients could successfully complete transactions without making any mistakes, it would improve their perceptions of privacy and security and persuade them to convert to mobile banking. So many others could be influenced by one satisfied customer.

OBJECTIVES

1. To investigate how consumer adoption and use of digital payment methods, such as mobile payments, e-wallets, and online payments, has been impacted by the epidemic.
2. To assess how much the pandemic's financial toll has been reduced by digital payments, particularly those that enable remote transactions and eliminate the need for physical cash and contact-based payments.
3. To investigate the logistical, technological, legal, and ethical barriers that would make it difficult for people to accept and use digital payments during the pandemic.
4. To look into how the pandemic might affect the ecology of digital payments in the long run, taking into account probable changes to consumer behaviour, company models, and market dynamics.

PrimaryData:

The general public was asked to complete a questionnaire about the pandemic's effects on digital payments in order to gather the primary data for this study.

Sample size–150

Tools for analysis–Graphical presentation

DATA ANALYSIS

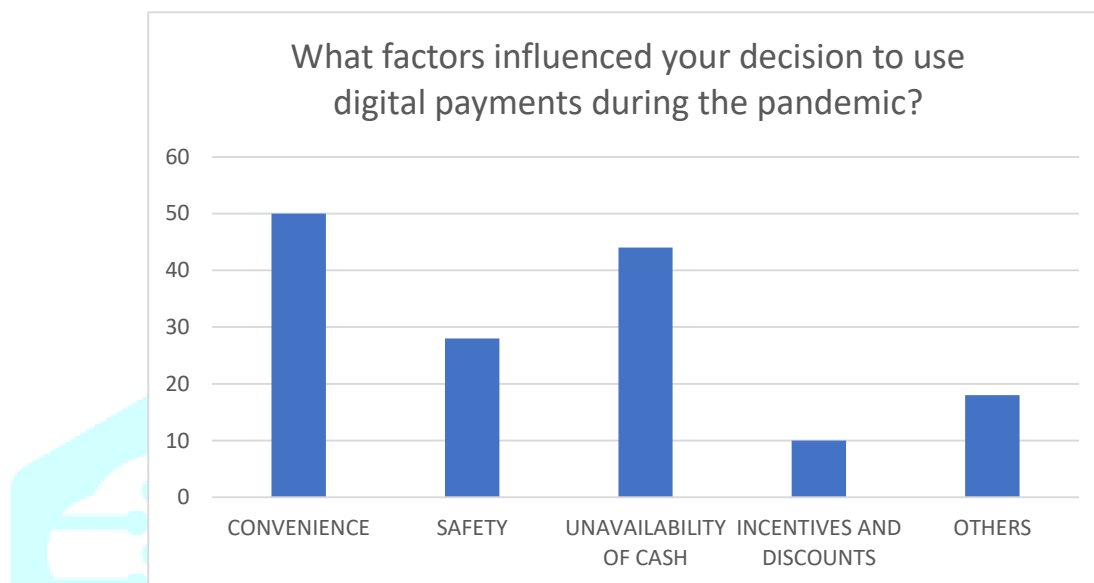


FIGURE 1–Analysis of factors which influenced user decision for Digital Payments

INTERPRETATION - The information we've acquired indicates that convenience served as the primary driver for using digital payments throughout the outbreak, even though people were warned to keep a social distance and avoid interaction with others. The study found that convenience and the lack of access to cash were the key factors driving respondents' decisions to use digital payments during the outbreak, with 50 and 44 respondents, respectively, making these choices. 28 respondents indicated that safety was another crucial factor. Incentives and discounts were the least significant component, selected as such by only 10 respondents.

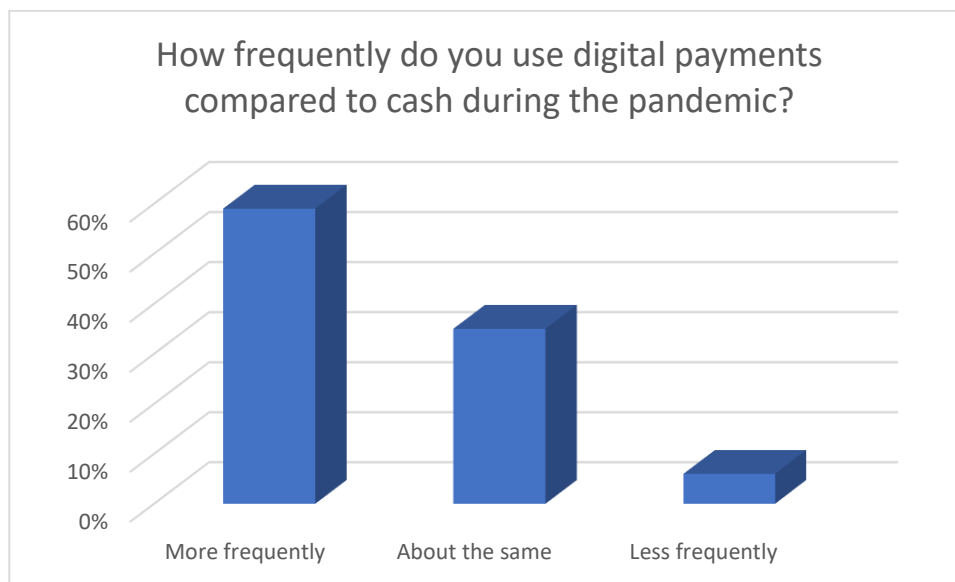


FIGURE2–Frequencyofuseofdigitalpaymentsascomparedtocashduringpandemic.

INTERPRETATION - The findings show that during the outbreak, 59% of the respondents used digital payments more frequently than cash. Only 6% of the respondents claimed to use cash less frequently than digital payments, while 35% claimed to use them almost equally. This indicates a significant shift away from cash payments during the epidemic, perhaps due to its simplicity, safety, and scarcity.

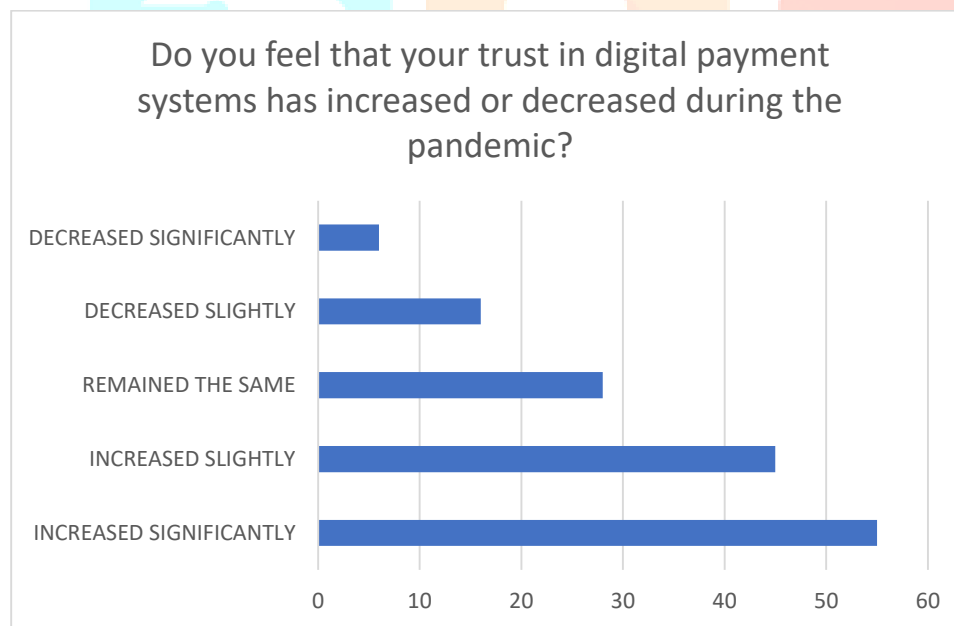


FIGURE3 –Leveloftrust amongtheusersofdigitalpaymentsincethestartofpandemic.

INTERPRETATION - The statistics show that 55% of respondents said the outbreak had significantly increased their trust in electronic payment systems. The fact that 45% of respondents think their confidence in digital payment systems has slightly increased indicates a positive trend in the general level of trust in these systems.

Only 6% of those surveyed believe that the outbreak has significantly reduced their faith in digital payment systems, compared to just 16% who believe it has dropped only little. There may be room for improvement

in the degree of trust in digital payment systems given that 28% of respondents, or more than one-third of all respondents, believe that their faith in these systems has remained stable.

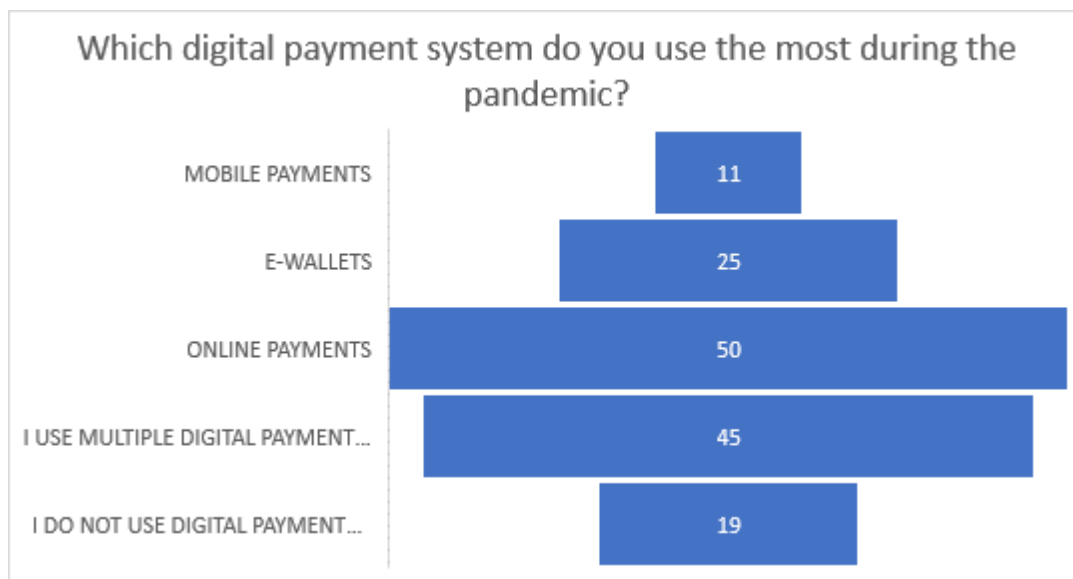


FIGURE4–Themostuseddigitalpaymentduringpandemic.

INTERPRETATION - Based on the data collected, it appears that throughout the outbreak, online payments were used the majority of the time by 50 out of 150 respondents. E-wallets were selected by 25 respondents, making them the second most popular choice. Mobile payments were the least popular option, with only 11 respondents selecting them as their most frequent means of payment throughout the outbreak. It's important to note that more than one-third of respondents (45 out of 150) stated they used multiple digital payment systems equally, suggesting they might use different payment methods depending on the situation or supplier. Finally, 19 respondents out of 150 claimed they have never utilized any digital payment methods. It's important to note that this could result from a number of things, including a lack of access to technology or a preference for cash payments.

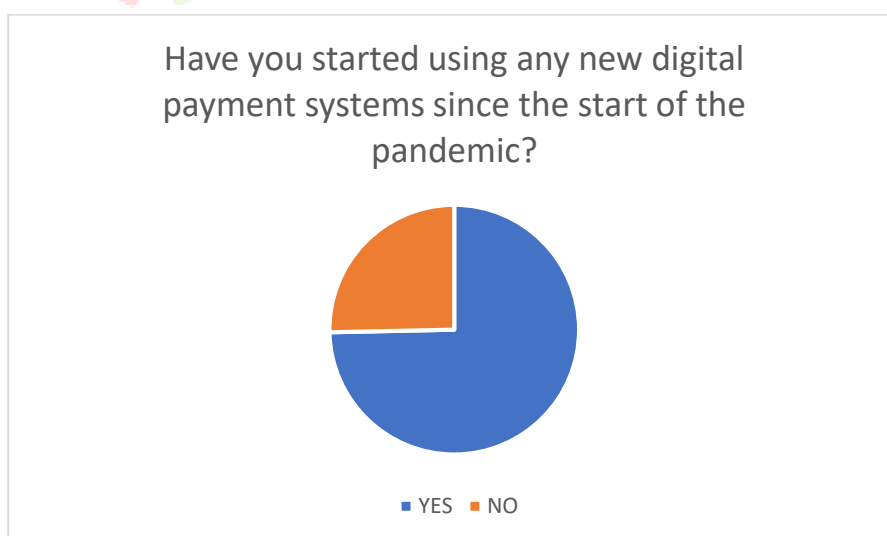


FIGURE5–Numberofuserswhohavestartedusingdigitalpaymentsincethestartofpandemic.

INTERPRETATION - Based on the choices offered, the majority of respondents (112 out of 150) appear to have started using new digital payment systems since the beginning of the outbreak. This is hardly surprising given that the outbreak has sped up the shift to digital payments as people want to avoid handling cash and minimize physical contact. A sizable minority, 38 out of 150 respondents, stated they had not used any new digital payment methods since the pandemic started. This might be the consequence of various things, like not having access to technology, preferring cash payments, or not being motivated to switch to a new payment option.

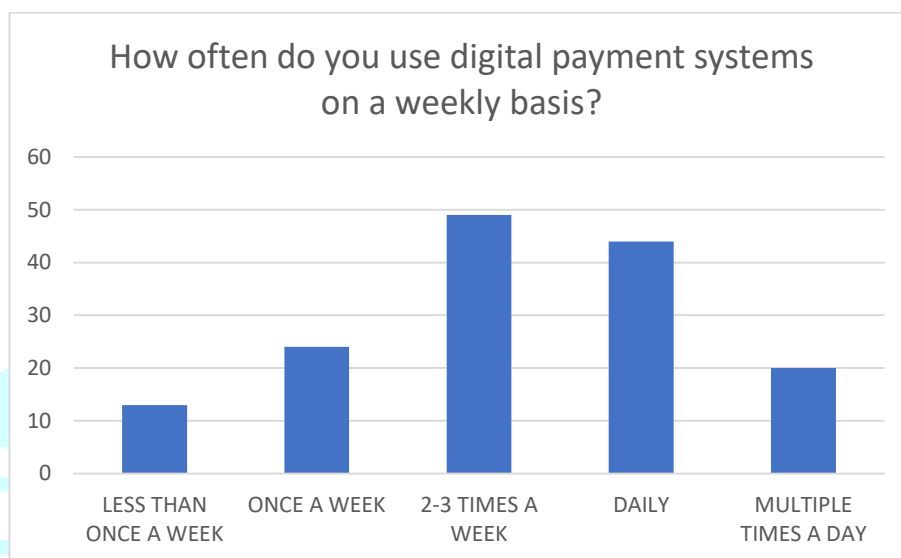


FIGURE6–Amountofusageofdigitalpaymentsystems.

INTERPRETATION- According to the alternatives offered, the majority of respondents (113 out of 150) use digital payment methods at least twice a week or more frequently. Particularly, 20 respondents indicated that they frequently used digital payment methods, 44 that they did it daily, and 49 that they did so twice or three times each week.

On the other hand, just 24 out of 150 respondents and an even smaller number (13 out of 150) said they used digital payment methods no more than once per week.

These findings show that the majority of respondents consistently utilize digital payment systems throughout the week, indicating that these systems are a more common payment choice for many people.

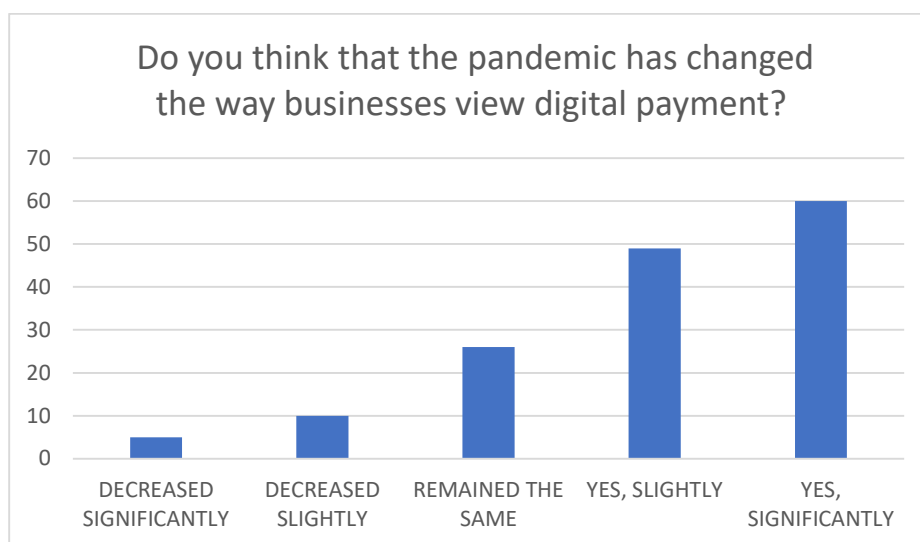


FIGURE7 –Analysis about how pandemic have changed the way business view digital payment.

INTERPRETATION - A majority of the 150 respondents, or 60 out of them, seem to believe that the pandemic significantly changed how businesses view digital payments based on the choices offered. This is not surprising given that the epidemic has forced many businesses to quickly embrace new payment technology in order to decrease physical interaction and maintain social isolation.

A substantial minority of respondents (49 out of 150) claimed that the epidemic has barely changed how firms view digital payments. This demonstrates that, despite the fact that some businesses may have previously been considering digital payment options prior to the outbreak, the pandemic has sped up this process and elevated digital payments to the status of a vital consideration for businesses.

Only 26 out of 150 respondents believe that the pandemic hasn't significantly changed how businesses see digital payments, which may indicate that some organizations were already familiar with these technologies prior to the outbreak.

A tiny percentage of respondents (10 out of 150) claimed that the epidemic may have had a slight negative effect on how businesses see digital payments, possibly as a result of challenges implementing new payment technology or a preference for more traditional payment methods.

Only 5 out of 150 people surveyed believed that the epidemic had significantly altered how businesses viewed digital payments, while it is unclear what may have led to this conclusion.

CONCLUSION

The COVID-19 outbreak has had a significant impact on digital payments in India. According to the findings of our study, the usage of digital payments has increased as a result of people seeking to avoid direct contact and prevent the spread of the virus. Most survey respondents claimed to utilize digital payments weekly, with many doing so daily or frequently. A large majority of respondents also mentioned that they had started using new digital payment methods as of the start of the epidemic.

The epidemic has had an effect on businesses as well; according to several respondents, it has significantly changed how they view digital payments. Businesses have had to quickly adapt in order to both meet the changing expectations of their customers and maintain social segregation practices.

The results of our study suggest that the prevalence of digital payments is likely to remain the same or even slightly increase in a post-pandemic scenario. The epidemic has increased the usage of digital payments, and many people believe that they will continue to be an important payment method even after the crisis is over.

The overall research findings indicate that the COVID-19 pandemic may have had a significant impact on digital payments in India. As businesses and customers continue to adapt to the changing environment, digital payments are expected to make up a larger portion of people's financial transactions in India.

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