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IMPACT OF COVID ON DIGITAL BANKING

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ABSTRACT

The Covid-19 epidemic has affected nearly every nation across the globe. The virus's propagation had a disastrous effect on both human health and the economy as a whole. The COVID-19 global crisis is the worst since the conclusion of World War II. The global economy decreased by 3.5 percent in 2020, according to the IMF's April 2021 World Economic Outlook Report, a 7 percent reduction from the 3.4 percent growth anticipated in October 2019. While practically every IMF-covered country had negative growth in 2020, the drop was more severe in the world's poorest regions. The global supply system and foreign trade of all countries, including India, were impacted by the worldwide lockdown to prevent the virus from spreading. Since the beginning of 2020, the Covid19 pandemic has had a negative impact on the global business climate. In recent years, the COVID-19 pandemic has caused considerable public health and economic concerns in South Asian countries, with India, Bangladesh, and Pakistan bearing the brunt of the burden. The countries' national lockdown was effective in limiting the spread of the coronavirus in South Asia, but it came at a significant economic and social price. Industrial activity has declined sharply in Japan, South Korea, Indonesia, Vietnam, and the Philippines. Tourism, trade, and remittances, as well as all other important sources of foreign currency for South Asian countries, have been severely hit. The COVID-19 spread has had a tremendous impact on global financial markets. As the number of cases began to climb globally, the international financial and energy markets plunged significantly, notably in the United States, Italy, Spain, Germany, France, Iran, and South Korea, as well as South Asian countries. Travel reductions have had a significant influence on service sectors like tourism, hospitality, and transportation. According to the IMF, South Asian economies were anticipated to decline in 2020 for the first time in four decades. Because of premature deaths, occupational absenteeism, and productivity losses, the epidemic has pushed millions into poverty and worsened income and wealth inequality. Manufacturing and productive activity have decreased as a result of global supply chain disruptions and factory closures, resulting in a negative supply shock. This has created a significant short-term hurdle for policymakers, particularly as food and commodity prices rise, worsening economic insecurity. Failing to achieve a balanced recovery might lead to social and political upheaval, as well as severe responses from governments that have been less tolerant of dissenting voices in recent years. The pandemic has devastated almost every sector of the Indian economy. But the extent and severity of the damage varied from sector to sector within each location. Aside from MSMEs, Agricultural and Agro-based businesses, Banking and NBFCs, and Social Sectors were all threatened. The pandemic caused havoc in the Financial Markets and Mutual Funds industries. As lockdown measures were implemented during the early stages of the epidemic, India's auto manufacturing and ancillary sectors were severely harmed, and the situation remained tense for many months.

Keywords: Environmental pollution, Challenges faced by Automobile Industry.

INTRODUCTION

The phrase digital payment refers to a procedure of making some payment for a certain sum of amount through using a mobile application or websites around the clock around the globe. This entails transferring money directly from the debtor's bank account to the creditor's bank account without any physical transaction between the parties. Every country's government frequently contributes to the promotion of digital payment systems, which has several advantages. The notion of digital payment was launched last decade, but it is now trending at a faster rate, particularly in Indian towns and villages, following the occurrence of a worldwide pandemic known as COVID-19, which has caused all economies to experience a setback due to full lockdown regulation. In India, the concept of digital payment began to take shape in 2016 with the launch of the Digital India mission, which encouraged Indian businessmen and citizens to incorporate digital technology into their daily lives to strengthen the country's economy through paperless, faceless, and cashless transactions. In the year 2020, when the country faced a huge negative impact due to the coronavirus, every second person began making payments for their essentials through digital moves rather than cash payments to protect themselves from any kind of contact with another person, whether from a city, town, or even a village. An individual can make a digital payment by installing a mobile banking application or any third-party app such as Amazon Pay, Google Pay, Phone Pay, Paytm, and several others where both the payer and payee are required to link their bank account with the payment application to place the transaction or deposit amount on their digital wallet of the installed application.

METHODOLOGY

In the present research, the researcher has used secondary data to conduct a successful study on Impact of COVID-19 on Digital Payment Services at towns and Villages. The data has been studied and collected from secondary research such as previously published articles, journals, and government-published sources.

RESEARCH DESIGN

A Descriptive Research design is applied for this research paper to conclude.

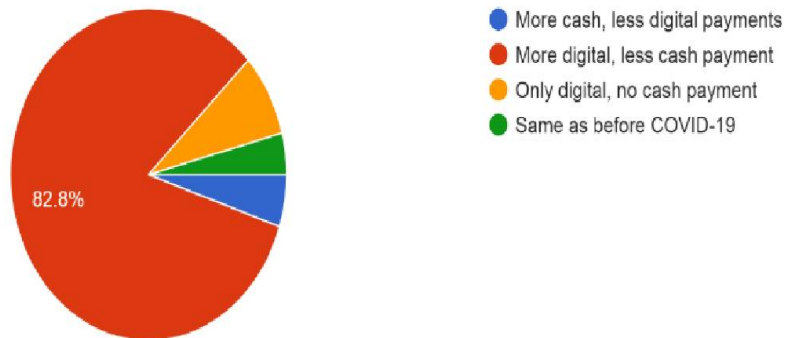
- Non-Probability Convenient Sampling Method Snow-Ball Sampling Method has been used to select a sample from Vadodara City, to collect data from the selected sample, and to generalize the result for the population of Vadodara.
- The contact number of respondents has been collected from various banks and through indirect contacts.
- Structured questionnaire is a data collection tool to survey the respondents from Vadodara City and collect the data. The survey period is October 2022 – December 2022.
- 100 responses have been collected as a sample size through Google docs, which have been sent through WhatsApp and email

POPULATION: THE POPULATION IS 100

SAMPLING METHOD: Probability randomly 50 MODELING AND ANALYSIS

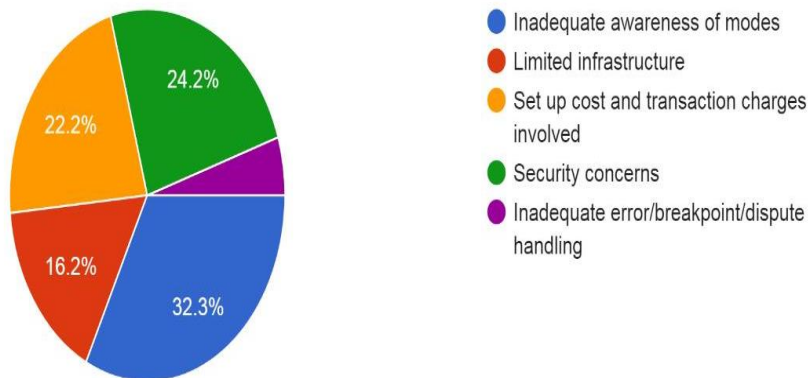
What is the impact of COVID-19 on usage of digital payment

99 responses



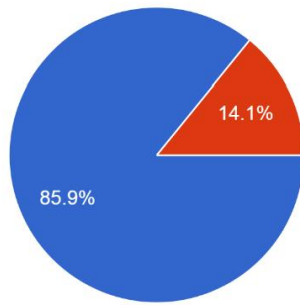
Which according to you, is the key limiting factor for adoption of digital payment?

99 responses



Do you think increasing limit on contactless card payment from INR 2000 will help in increasing usage of contactless payments?

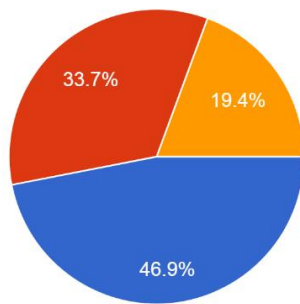
99 responses



- Yes, the limit needs revision
- No, the current limit is sufficient

How likely are you to move back to cash payment post covid-19?

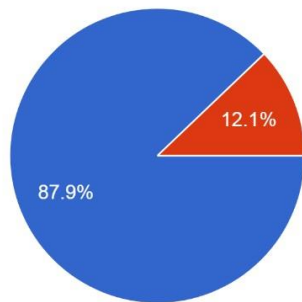
98 responses



- Most likely, as I am concerned around security aspects of the digital payment
- Somewhat likely, digital payment are convenient ,but acceptability is low
- Unlikely,digital payments are convenient and secure

Covid-19 helped India to take a step forward towards a cashless economy

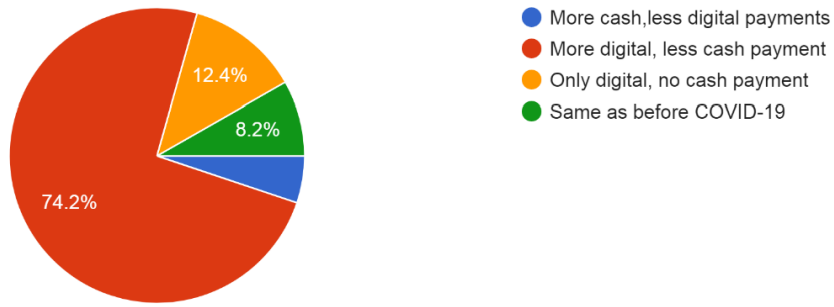
99 responses



- Yes
- No

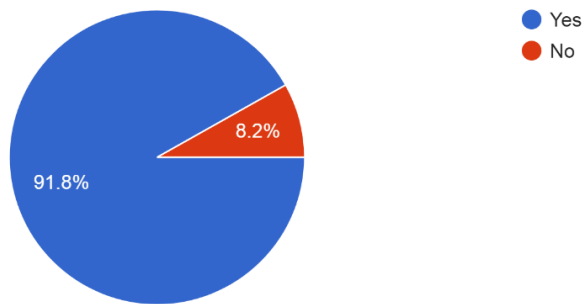
What is the impact of covid-19 on usage of digital payment

97 responses



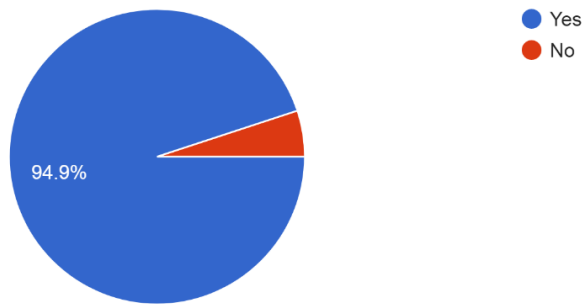
Online transaction is useful in this pandemic

98 responses



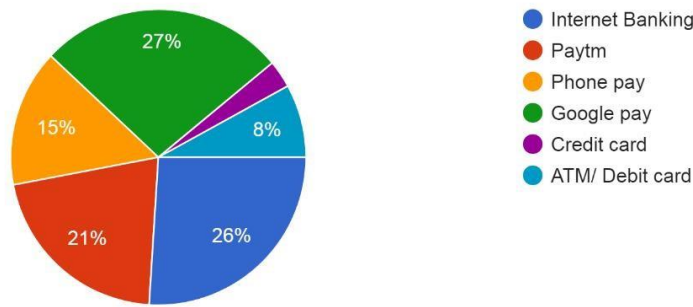
Do you want to continue using digital payment systems?

99 responses

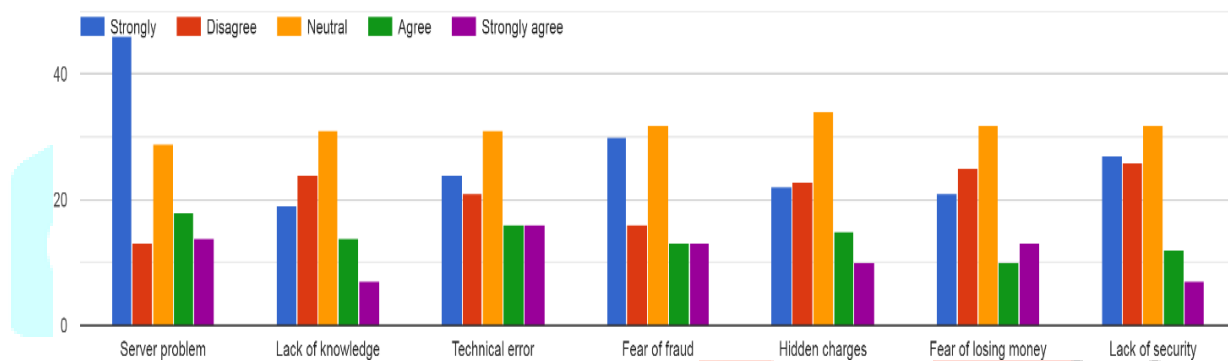


Different digital payment method used by the customer

100 responses



The difficulties faced by the customers from digital payment systems



1) The digital banking needs of small-business owner-managers differ from unit to unit and depend upon the nature of the business, size of the business, ownership type, etc. Therefore, it is suggested that banks should offer customized digital banking products and services to small- business owner-managers. Simply opening exclusive branches for SMEs does not solve the problem. More so SME branches will defeat the purpose of digital banking.

2) Majority of Small Business Owner-Managers opined that the RTGS facility was not available 24*7. In this connection, it is recommended that the banks should offer RTGS facility 24*7.

3) Presently, Indian banks are not offering any product/service catering to the needs of Small Business Owner-Managers for payment of industrial Utility Bills (industrial Gas, Industrial Water, Electricity, Stationery, etc). In this regard, it is recommended that customized products for the payment of Industrial Utility Bills should be launched by banks.

4) Indian banks should take measures to create awareness about digital banking services such as i) Online Loan Applications, ii) GST & Income Tax Payment through NEFT/RTGS, iii) Online Complaint portals, etc.

5) It is also suggested that Indian banks should launch attractive Waivers, Discounts, and Cash Back Offer schemes to promote digital banking

6) Strong security measures should be initiated to remove fear psycho among Small Business Owner-Managers towards the usage of digital banking. Collaborative efforts between Banks, IT Companies, and Cyber Crime Department is expected to yield a reasonable result in this regard.

- 7) Government of India should speed up its efforts to ensure 24*7 access and continuous availability of the internet to all citizens of India by at least 2022, otherwise, the theme of digital India will remain as a paper tiger and will not become reality.
- 8) Server busy/down problem is considered as route cause for incompleteness of digital transactions. In this regard, it is suggested that the bank should install Network Monitoring Software to resolve the issue.
- 9) On One side government of India is stressing digital banking and on the other side imposing service charges on digital transactions. These measures seem to be inconsistent with the policy of digital India. Therefore, it is suggested that digital banking products/services should be offered free of cost up to a certain truncation limit and a minimum service cost should be charged in the form of account maintenance charges to all current account holders.
- 10) Interest-free working capital loans under Credit Guarantee Scheme should be offered to SMEs facing an economic slowdown due to Covid-19.

CONCLUSION

It can be concluded that people used to prefer online banking during this COVID-19 pandemic period and they prefer to use online banking transactions via mobile phones. The respondents agreed with the fact that during this pandemic the use of internet/online banking services has increased and it has improved the quality and efficiency of their banking services. During this pandemic, their trust level also increased for doing online banking transactions. Fear of contracting the coronavirus through paper currency, lower transaction cost, ease to use and good support from banks, and the age of online banking services users are the major factors responsible for increased usage of e- banking services during this COVID-19 pandemic. It has also been concluded that there is no difference in various types of occupations and gender in the usage of online banking services

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