

## Impact of Covid-19 on Digital Payments in India

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### Abstract

In the current situations, COVID-19 pandemic is bringing second thoughts about reaching cash as the cases rise up. Due to these reason some are wanting to go cashless to have contactless transactions. The main purpose of the study is to understand how people have made a greater move towards digital payments and it is going to be adopted by different people from different age groups, gender, and occupation. This study covers the awareness, perception, and behavior of the general public towards the change in payment system from traditional to digital. The main and objective of this study is to highlight the changes which have come over in the payment system in India. The primary data of this study was collected by circulating a Google form to the general public and the sample size is 100. Statistical tools like Chi-Square test, Paired T-Test, ANOVA, Graphical presentations are used. Fromm the study we come to a conclusion that COVID-19 brought a change in the method of payments. Though people might now restrain themselves from using digital payments but if the banks and government take proper measures, people will definitely switch to digitalized payments.

**Keywords**— COVID-19, Digital Payments, Chi-Square Test, Paired T-Test, ANOVA

### Introduction

India is one among the fastest growing countries in terms of mobile user. Now mobile phones aren't only a medium of speech but also widely used for mobile services. The pandemic is bringing second thoughts about reaching for cash as number of cases tick up, some are going cashless to have contactless transactions. Even if the risk isn't proven risk, the psychological factor of people thinking of money as 'unclean' could change how they prefer to pay. Before the outbreak, mobile payments had not come close to adoption. The use of digital payments during the pandemic has increased drastically. We have more than 900 million mobile users but still mobile/digital transactions are used by 40 million customers approximately. There can be various reasons behind this, the use of digital transactions during the pandemic has increased

drastically. There are many digital payment modes which include ATM/Debit cards, UPI (Googlepay, Phonpe, Paytm etc), NEFT, IMPS, different banking apps, Internet banking and many more.. Financial literacy and perception about digital transactions in rural India to form the cashless economy sometimes still seems to be unreal.

### Review of literature:

1)A.Martina Franciska and Dr. S. Sahayaselvi  
May - June2015.

This Study focuses on secondary information and resources have been collected from books, articles, journals and relevant pages Review with a view to the review and progress of one of them. This article clarified the different forms of digital payment transfers used by ordinary people in their day-to-day lives. A total of 4018

billion mobile banking transactions were completed in 2015-16, compared to 60 billion in 2012-13. Digital payments to rural regions are now extending the reach of mobile networks, the Internet and electricity. During the time of demonetization, the Government of India compelled the people to do all trade directly or indirectly.

2) Nisha Sharma (Punjab University) 2016:

M-commerce is that the fast emerging concept of e-commerce which provides various e-services on mobile devices. Now a days, increase in number of wireless internet subscribers and smart-phone users, m-commerce is rapidly adopted technology within the world. Through m-commerce people are rejoicing various m-services such are M-agriculture, M-education, M-finance and M-shopping. Mobile banking is used for performing banking transactions, payments, etc. done with mobile devices. The Global Mobile Banking Report found that m-banking is rapidly used by new customers and it's largest banking channel by volume of transaction. The most interesting detection was that adoption rates are highest in developing countries reaching about 60-70% in India and China.

3) Dr Nidhi Singh and Neena sinha (2016):

With the huge use of mobile in India, mobile services became a planned alternative for the banking sector. Mobile banking transactions are gaining importance and having huge potential thanks to availability and facility to try to to transaction anytime and anywhere. Various studies explained that banks need innovations and creativity in their banking and make mobility self- sufficient to satisfy customer needs to provide immediate access and complete control of their finances. This theory is confirmed by the other researchers also and assures a bright future of mobile banking in India. Banks should identify the advantages of mobile banking for users. In this area, cost is one of the most significant factors which impacts mobile banking usage of customers (sadi and noordin, 2011).

4) Arpita Pandey, Mr. Arjun Singh Rathore April 6-7 2018.

This article focused on how digitalization will aid the growth of the Indian economy and the adoption of the new technologies for globalization and modernization of our region, which contributes to development. All the measures and policies put in place by the Government of India enable the Indian Community to build information and understanding, and also clarified how digital payment is becoming the powerful factor that it provides. safety, security in day-to-day transaction. Knowledge obtained on the basis of secondary evidence from various research journals, Government records.

5) Jayalakshmi. S and Parvathi. S, July 2019.

This article showed that digital payment is an effective means of doing business of all sectors to reach out to prospective clients and to examine the idea of digital banking, digital payment and digital payment methods. Digital payments have many benefits over cash, such as simplicity, security and clarity. In the next few years, there will be a whole new way of transferring capital in the Indian economy.

6) IBEF ( Indian Brand Equity Foundation) 2019

This expanding growth of the digital payment sector is driven by numerous factors including easy to pay, the ever-increasing smart phone penetration, rise of non-banking payment institutions, escalating regulatory policies to the digital payment platform. The convenience to pay along side the supply of lucrative offers, are two key factors that are driving the expansion of digital payments in India. This including the increasing smartphone penetration is proving to be an advantage for digital payments sector. India, currently, has third largest internet user base within the world with 300 million users. 50 per cent of those users are connected to internet through mobile only.

7) Dr Rajeshwari M May-June 2019.

This article explaining the operating cost of banks has been significantly decreased by Digital Banking. This has made it easier for banks to charge lower service fees and provide higher interest rates for depositors as well. The

decrease in operational costs meant more benefit for the banks. This paper covers the role of digitization in Indian banking, factors that affect the scope of digital banking in India, and trends in digital banking in India. Data were derived from a number of sources, such as journal journals, government publications from India, and various RBI databases. The study also showed that the simple use of digital banking would drive the integration of the unbanked economy into the mainstream.

8) NPCI Report(2020) :

The cognizance and acquiring of digital payments has increased and benefits associated with it e.g. Security, ease, quick payment were the key triggers. 36% households who were surveyed used digital payments for the first time during lockdown, and we were happy to have a strength of the universal nature of the adoption across all segments. The humble SMS has held its own and reiterated how integral SMS communication is to deliver confidence and safety to the user. It becomes clear that people are ready and the supply needs to continue to address the barriers to adoption.

#### Need of the study:

The main purpose of this study is to understand how the people have made a greater move towards the digital payments and how digital transactions are going to affect our economy and the banking sector. In this study we aim to determine the customer perception about digital payments. Each customer has different views on it.

#### Scope:

This study covers the awareness, preferences, behavior of the general public towards the change in the payment system from traditional to digital. COVID-19 has brought difficult limitations on people's lives. The geographical location of the survey is restricted to India.

#### Objectives:

- To find the most commonly used online payment site used by the respondents.
- To study various reasons to avoid the use of digital payments.
- To understand the digital payments awareness, adoption and use behavior of people in different occupations.
- To highlight the changes which has come over in the payment system in India

#### Research method:

##### Primary Data:

The primary data for this study is collected by circulating a questionnaire among the general public to know the effects of the pandemic on digital payments.

##### Secondary Data:

Research articles, Authenticated Websites, bulletins of RBI, and Daily's.

##### Tools for analysis:

Statistical tools like Chi-Square Test, Paired T-Test, ANOVA, Graphical Presentation, calculating in terms of percentages.

Sample Size: 100

*Table 1 : Test the association between Gender and usage of online transaction before and during pandemic*

Category	Test	p- value	Conclusion
Gender and Use of online transaction during pandemic	Chi-square test for independence of attributes	0.2454	There is no association
Gender and Use of online transaction before pandemic	Chi-square test for independence of attributes	<b>0.0232</b>	There is an association
use of online transaction before and during pandemic	Paired t-test	<b>0.0107</b>	There is a significant difference between before and after
Age and Use of online	Chi-square test for	<b>0.0450</b>	There is an association

transaction during pandemic	independence of attributes		
Age and Use of online transaction before pandemic	Chi-square test for independence of attributes	<b>0.00011</b>	There is an association
Occupation and Use of online transaction during pandemic	Chi-square test for independence of attributes	<b>0.0119</b>	There is an association
Occupation and Use of online transaction before pandemic	Chi-square test for independence of attributes	<b>0.000072</b>	There is an association

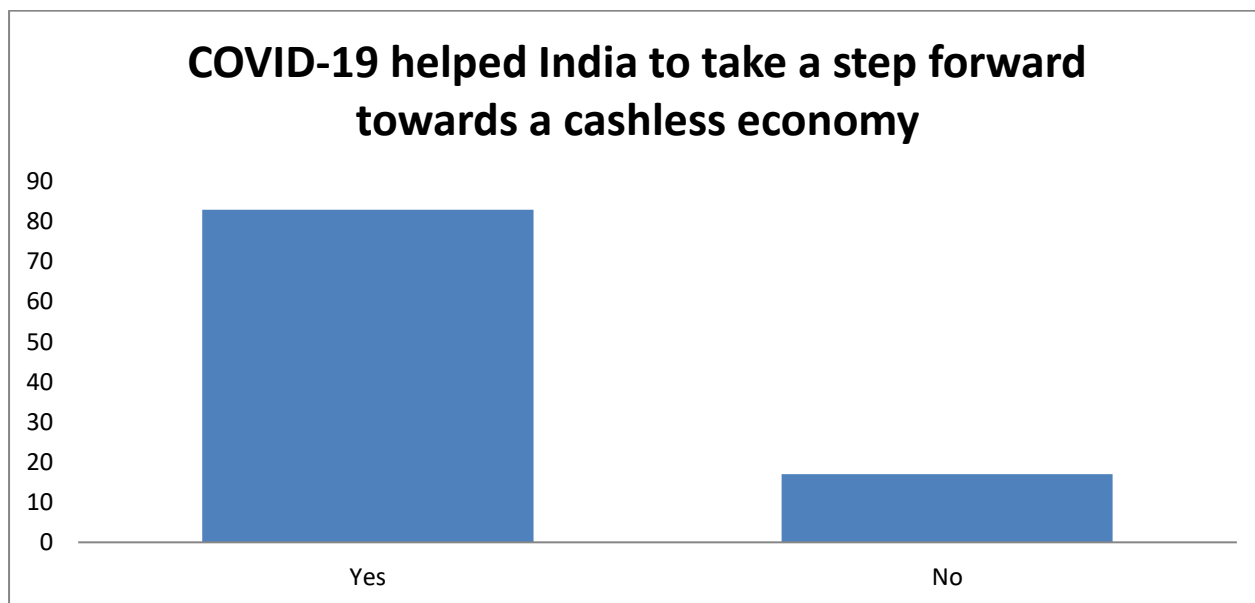
*Table 2 : Test the significance among Age with reasons for choosing digital payment methods*

	Category	p- value	Conclusion
Age(ANOVA single factor )	Contactless Transactions	0.1161	There is no significant difference among the age group with respect to Contactless Transactions
	Privacy	0.3207	There is no significant difference among the age group with respect to Privacy
	Maintenance of transaction activity	0.5151	There is no significant difference among the age group with respect to Maintenance of transaction activity
	Greater Convenience	0.83766	There is no significant difference among the age group with respect to Greater Convenience
	Improved security features	0.3883	There is no significant difference among the age group with respect to Improved security features

*Table 3 : Test the significance among Occupation with reasons for choosing digital payment methods*

	Category	p- value	Conclusion
Occupation	Contactless Transactions	0.039718	There is a significant difference among the Occupation with respect to Contactless Transactions
	Privacy	0.324775	There is no significant difference among the Occupation with respect to Privacy
	Maintenance of transaction activity	0.568642	There is no significant difference among the Occupation with respect to Maintenance of transaction activity
	Greater Convenience	0.869815	There is no significant difference among the Occupation with respect to Greater Convenience
	Improved security features	0.125498	There is no significant difference

			among the Occupation with respect to Improved security features
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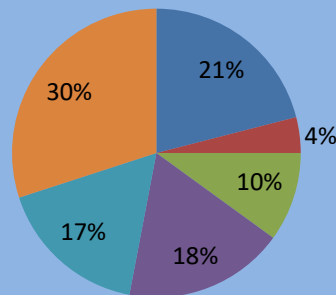
Our Research revealed that 83% of the respondents says that COVID-19 helped India to take step forward towards cashless economy.

*Table 4 : test the Significant difference among Demographic factors with reason for avoiding digital payments*

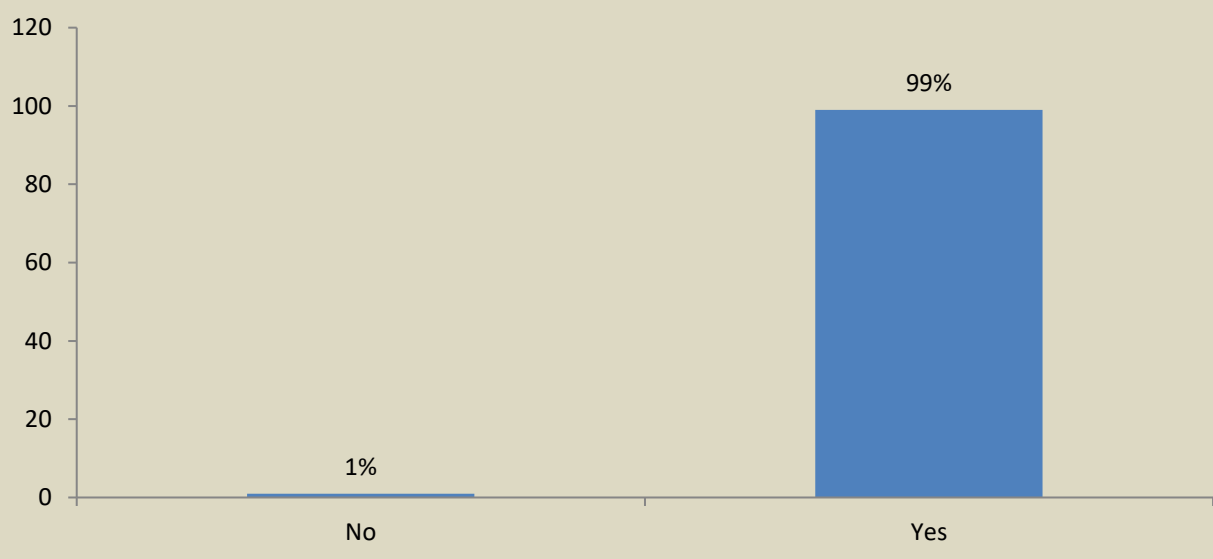
Category	Test_ Name	p-values	Conclusion
Age Vs reasons for avoiding digital payments	ANOVA One-way classification	0.014819	There is a significant difference among the age with reasons for avoiding digital payments
Occupation Vs reasons for avoiding digital payments	ANOVA One-way classification	0.152188885	There is no significant difference among the Occupation with reasons for avoiding digital payments

## Reasons for avoiding digital payments

- Lack of confidence among people about digital payments
- Lack of transparency
- Payments in cash are accesible everywhere
- People's habit of transacting in cash
- Security Issues
- Technical Issues



## Online transaction is useful in this pandemic



### Conclusion:

From the above report we conclude that COVID-19 brought change in the method of payment from traditional to digital payments. Though people have been facing few issues and might have a problem in trusting the digital payments but still they definitely will switch to digitalized payments once certain steps are taken. COVID-19 has definitely made us take a

step forward towards digitalization due to people not wanting to use cash as much in any of the payment methods. There have been concerns over the transmission of the COVID-19 through the exchange of cash.

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