A STUDY ON THE IMPACT OF COVID-19 ON DIGITAL PAYMENT SYSTEM

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ABSTRACT: The outbreak of COVID-19 has ushered in unprecedented changes across various facets of society, including the realm of digital payment systems. This paper examines the multifaceted impact of the pandemic on digital payment infrastructures, consumer behavior, regulatory frameworks, and the overall digital economy. Through a synthesis of existing literature, empirical data, and case studies, this study elucidates the shifts in consumer preferences towards contactless payments, the surge in online transactions, and the acceleration of digital transformation initiatives by businesses. Additionally, it explores the challenges posed by the pandemic, such as increased cybersecurity threats and disparities in digital access. Moreover, the paper investigates the role of governments and regulatory authorities in facilitating the adoption of digital payments and ensuring financial inclusion amidst the crisis. Finally, it offers insights into the future trajectory of digital payment systems in a post-pandemic world, emphasizing the imperative for resilience, innovation, and collaboration within the digital ecosystem.

KEYWORDS

COVID-19, DIGITAL BANKING, INTERNET, BANKING SERVICES

INTRODUCTION

In the wake of the COVID-19 pandemic, the landscape of banking services has undergone a profound transformation. As countries around the globe implemented lockdown measures and social distancing protocols, the reliance on digital banking services surged dramatically. This page delves into the various ways in which the pandemic has reshaped the digital banking sector, from shifting consumer behaviors to technological advancements and regulatory changes. The COVID- 19 pandemic has accelerated the adoption of digital banking services, forcing financial institutions to adapt rapidly to meet the evolving needs of their customers. From the rise of contactless payments to the increased demand for online account management and virtual assistance, this page explores the lasting impact of the pandemic on the digitization of banking services. Additionally, it examines the challenges and opportunities that lie ahead as the industry continues to navigate the complexities of a post-pandemic world.

STATEMENT OF THE PROBLEM

The realm of digital banking has been significantly impacted by the COVID-19 pandemic. The adoption of digital financial services has increased as people adjust to social distancing measures.

For financial needs like moving money, checking balances, and making payments, a lot of people are using mobile apps and web platforms. The move to digital banking has not only made things more convenient, but it has also significantly reduced the need for in-person bank visits, which has contributed to people's safety and wellbeing. However, it has also brought attention to how crucial it is to have strong cyber security safeguards in place to fend off online threats and fraudulent attempts. To protect the personal of its clients, financial institutions have had to improve their security procedures.

OBJECTIVES:

- To study the problems of customers while operating digital payment systems.
- To understand the significance of digital payments.
- To examine the various online payment methods used by the customers during pandemic situation.
- To learn about the applications of digital payments.
- To compare digital payment data before and after Covid.

REVIEW OF LITERATURE

1.Impact of COVID-19 Pandemic on Digital Payments

ManawatiPanwar, ApurvaVashistha, Dr. Roshan Choudhary (2020)

The ongoing spread of COVID-19 has become one of the biggest threats to the global economy and financial markets. To contain the impact of the coronavirus outbreak. The adverse effects of the COVID-19 pandemic are trickling down to major sectors of the Indian economy, with manufacturing, auto, retail, aviation and hospitality bearing the brunt of the lockdown. This in turn has affected fast-growing digital payments which are closely linked to the aforementioned sectors. Demonetization in November 2016 and constant push by Government and regulators for less cash economy have propelled the growth trajectory. The digital payments market in India was valued at INR1,638.49 trillion. The industry has been equally supported by technological innovations. In the last 10 years, the country has seen many unique and state of the art product innovations in the digital payment industry. The advent of a younger population who has grown up with mobiles and data, has enabled faster adoption of technological advancements in digital payments. In this paper the author study about the impact of covid 19 pandemic on the digital payments. The objective of this study is to explain the challenges faced by different sector in covid pandemic.

2. The impact of pandemic COVID-19 on the Indian Banking System

Asif Perwej

The COVID-19 pandemic could be one of the most serious challenges faced by the financial services industry in nearly a century. The COVID-19 impact on banking will be severe fall in demand, lower incomes, and production shutdowns and will adversely affect the business of banks. The situation is exacerbated by staff shortages, inadequate digital maturity, and pressure on the existing infrastructure as firms scramble to deal with the impact of COVID-19 on financial services. Banks certainly have their hands full in light of the novel coronavirus outbreak COVID-19. Borrowers and businesses face job losses, slowed sales, and declining Profit's as the virus continues to spread around the world. Banking customers are likely to start seeking financial relief. An obvious way that pandemics can impact financial systems is through their enormous economic costs. To managing the direct economic impact of the coronavirus, banks need to have a plan in place to protect employees and customers from its spread. Many banks are already starting to encourage remote working of some employees. In this paper, we areaimed to demonstrate an impact of pandemic covid-19 on the banking and financial sector. India's coronavirus outbreak threatens a years-long clean up of its financial system, according to the Indian bank. Banks sit at the heart of the economy and provide funding to corporate and individuals. Their stability is crucial to keep the system up and running.

3.IMPACT OF COVID -19 PANDEMIC ON BANING SECTOR

Mihaela Roxana MARCU (2021)

The purpose of this paper is to contribute to the academic research in the management field, by exploring banking strategies implemented during complex crises, with a focus on the recent pandemic. To improve the comprehension of the economic consequences of the COVID-19 pandemic we analyzed the differences between the crisis from 2008-2009. This approach increases the role of banks in the coronavirus crisis and the strategies adopted by banks influencethe whole economy. The pandemic has changed the world economy entirely and impacted tremendously most businesses. The banking system plays an essential role in this situation because it is a key component from an economic and the crisis induced by the pandemic. The banking system has always been at the center of the crises, both in 2008 and in the 1930s, but this time the situation is different because now, we are facing a crisis that is related to systemic health issues. In the previous crises, banks were considered as part of the problem, but this time they are perceived as part of the solution point of view. In recent years, the banking system has adapted continuously – it has been reinvented to keep up with furthermore an opinion based on a narrative literature review and a summary of the most important elements that redesign the banking system during the COVID-19 pandemic context. The literature regarding the COVID-19 pandemic and its implications for the banking system is still developing since the pandemic is an unfolding new experience for the world. Customer expectations and the need

for cost reductions. The COVID-19 pandemic has accelerated digitalization in the banking system although, the need For innovation and digital strategies have been an important factor in banking even before the pandemic had started.

RESEARCH METHODOLOGY:

- Sampling design – Convenient sampling.
- Period of study January – March 2024.
- Data used Primary and Secondary data.
- Test for analysis - Simple percentage analysis, Likert scale technique, Garrett ranking technique and Chi-square test.

LIMITATIONS:

• The study is limited to 123 men employees in banking sector due to time Constraints.

• An interpretation of the study is based on the assumption that the Respondents are given correct information.

• Besides, the study has limitations of place and resources.

• The data collected through the structured questionnaire method, may Slightly affect the accuracy of data analysis.

RESULTS AND DISCUSSION

1. **Impact of COVID-19 of respondents**

IMPACT	NO. OF RESPONDENTS	PERCENTAGE(%)
More cash, less digital payment	20	16
More digital , less cash payment	84	66
Only digital payments	19	15
Same as before COVID-19	5	3
TOTAL	**128**	**100**

Inference: The above table shows that impact of COVID-19 on usage of digital payment. Out of 128 respondents, 66 % due to pandemic situation respondents were doing more digital & less cash payment, 16 % of the respondents were doing more cash & less digital payment, 15 % of the respondents were agreed only digital payment and 3% of the respondents are same as before COVID-19 Therefore, it is evident from the above table altogether 66% and 15% i.e. 81% majority of respondents are doing digital payment during covid-19.

2. RELATIONSHIP BETWEEN GENDER AND THE AREA OF RESIDENCE

H_0: There is no significant relationship between gender and area of residence.

H_1: There is a significant relationship between gender and area of residence

OBSERVED FREQUENCIES (O)

	RURAL	URBAN	SEMI URBAN	**TOTAL**
MALE	15	45	3	**63**
FEMALE	19	43	3	**65**
TOTAL	**34**	**88**	**6**	**128**

EXPECTED FREQUENCIES (E)

	RURAL	URBAN	SENI URBAN	**TOTAL**
MALE	16.73	43.31	2.95	**63**
FEMALE	17.26	44.68	3.04	**65**
TOTAL	**34**	**88**	**6**	**128**

CHI-SQUARE TEST:

O	**E**	**O-E**	**(O-E)^2**	**(O-E)/E**
15	16.73	1.73	2.99	0.178
45	43.31	1.69	2.85	0.065
3	2.95	0.05	0.002	0.0006
19	17.26	1.74	3.02	0.174
43	44.68	1.68	2.82	0.063
3	3.04	0.04	0.001	0.0003
TOTAL				**0.4809**

Source: Primary data

Degrees of freedom = (r-1) (c-1)

= (2-1) (3-1)

=1*2

=2

Table value=5.991

Calculated value = 0.4809

INFERENCE:

Since the calculated value (0.4809) is less than the table value at 0.05 significance level is (5.991), the null hypothesis is accepted. Hence it is concluded that there is no significant relationship between gender and area of residence of the respondents while operating online/ digital payment system.

RANKING THE DIFFERENT DIGITAL PAYMENT METHODSUSED BY THE RESPONDENTS

S.NO	100(Rij-0.5/Nj)	CALCULATED VALUE	GARRETT VALUE
1	100(1-0.5)/6	08.33	77
2	100(2-0.5)/6	25.00	63
3	100(3-0.5)/6	41.66	54
4	100(4-0.5)/6	58.33	46
5	100(5-0.5)/6	75.00	37
6	100(6-0.5)/6	91.66	23

PARTICULARS	I	II	III	IV	V	VI
ATM/Debit card	72	15	13	9	11	8
Credit card	8	58	17	11	8	25
Google pay	42	22	46	10	4	4
Phone pay	19	18	22	43	12	14
Paytm	12	16	18	17	43	22
Internet banking	15	11	10	25	15	52

PARTICULARS	I	II	III	IV	V	VI	TOTAL	SCORE (%)	RANK
ATM/Debit card	5544	945	702	414	407	184	8196	64.03	I
Credit card	616	3654	918	506	296	575	6565	51.28	III
Google pay	3234	1386	2484	460	148	92	7804	60.96	II
Phone pay	1463	1134	1188	1978	444	322	6529	51.00	III
SPaytm	924	1008	972	782	1591	506	5783	45.17	V
Internet banking	1155	693	540	1150	555	1196	5289	41.32	VI

Source: Primary data

INFERENCE:

The above table reveals that respondents sources of different digital payment method using garret ranking technique. The ATM/Debit card has the highest score of (64.03) ranked as I, followed by google pay in II rank, credit card and phone pay in rank III, paytm in rank V and internet banking in VI rank

USAGE RATE OF DIGITAL PAYMENTS

PARTICULARS	STRONGLY AGREE	AGREE	NEUTRAL	DIS AGREE	STRONGL YDIS AGREE	TOTAL
Electricity bills	90	116	75	18	47	**346**
Grocery bills	55	108	96	92	12	**393**
Gas bills	60	96	183	32	15	**386**
Mobile bills	105	192	84	28	17	**426**
Educational fees	145	88	129	40	14	**416**
Credit card bills	30	116	99	70	25	**340**
Others	95	104	135	44	16	**394**
TOTAL						**2701**

PARTICULARS	AVERAGE	RANK
Electricity bills	2.70	VI
Grocery bills	3.07	III
Gas bills	3.01	V

Mobile bills	3.32	I
Educational fees	3.25	II
Credit card bills	2.65	VII
Others	3.07	III

Source: Primary data

INFERENCE:

The above likert scale technique indicates that the respondents usage rate for digital payments system. Out of 128 respondents, I rank for mobile bills, II rank for educational billslike payment, III rank occupied by payment of grocery bills and others payment, V rank for payment of gas bills, VI rank for payment of electricity bills through online payments and VIIrank for interest payment for credit card bills.

FINDINGS

- The most (35%) of the respondents are influenced by the family members to use the digital payment system
- Majority (58 %) of the respondents are getting the information about the digital payment system through the internet platforms/social media.
- Majority (61%) of the respondents are partially aware of the functionality of digital payment system.
- Majority (70%) of the respondents are regularly using new digital payment method during COVID 19.
- The respondents opinion about the benefits of digital payment is being ranked as I rank for cash less transaction, II rank for non- banking hours can be availed, III rank for the ease of use, IV rank for flexibility of timing, V rank for time being saved and increases prestige and VII rank for the convenience of digital payment.
- The difficulties faced during the digital payment by the respondents is ranked as hidden charges as ranked I, technical errors as ranked II, Complicated instructions as rank III, lack of knowledge as rank IV, server problem as rank V, fear of fraud as rank VI.
- Majority (64%) of the respondents have preferred ATM/ debit card as the source of digital payment methods.

- Majority (62.46%) of the respondents have faced associated cost of digital payment as the major barriers while using the digital payment system.

SUGGESTIONS:

- Focus on analyzing changes in consumer behavior towards digital payments, the adoption rate of digital payment platforms by businesses during the pandemic, and the role of government policies and regulations in promoting digital transactions amidst the crisis.
- Advocate for lower transaction fees charged by digital payment platforms or financial institutions to make digital transactions more affordable for consumers.
- Educate consumers about the long-term cost benefits of digital payments compared to traditional cash transactions, highlighting potential savings and conveniences.
- Ensure that digital payment services are accessible to all socio-economic groups by improving infrastructure, internet connectivity, and providing alternative payment methods for individuals without access to traditional banking services.
- Consider examining factors such as accessibility, trust, familiarity, and perceived security associated with ATM transactions compared to other digital payment methods.

CONCLUSION:

In conclusion, this study has provided valuable insights into the impact of COVID-19 on the digital payment system. The pandemic has accelerated the adoption of digital payment methods driven by factors such as safety concerns, social distancing measures, and the shift towards contactless transactions. However, challenges such as associated costs, accessibility issues, and concerns regarding security and privacy have also emerged as barriers to widespread adoption. Despite these challenges, the majority of respondents have demonstrated a preference for digital payment methods, with ATMs being a prominent choice. This highlights the importance of understanding consumer behavior and preferences in shaping the future of digital payment systems. Moving forward, it is crucial for stakeholders including financial institutions, government bodies, and fintech companies to address these challenges and capitalize on the opportunities presented by the growing demand for digital payments. Strategies such as reducing transaction costs, improving accessibility, enhancing security measures, and promoting financial literacy can help to foster greater adoption and acceptance of digital payment systems. Overall, the COVID-19 pandemic has served as a catalyst for the transformation of the payment landscape, emphasizing the need for innovative solutions and collaboration to build.

WEBSITE REFERRED

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