



## Impact of covid-19 on digital payments and transformation happening in the payment system: An empirical study

R Ravichandran <sup>1\*</sup>, N Sathyanarayana <sup>2</sup>

<sup>1-2</sup> Assistant Professor, School of Commerce Studies, Jain University, Bangalore, Karnataka, India

\* Corresponding Author: R Ravichandran

---

---

### Article Info

ISSN (online): 2582-7138

Volume: 04

Issue: 01

January-February 2023

Received: 23-11-2022;

Accepted: 14-12-2022

Page No: 39-41

### Abstract

The Covid-19 virus may expedite the migration to digital payments. Reliable and lasting payment methods are trusted. Blockades and restrictions slowed trade. Money transfers and tariffs caused issues. The digital payment industry must respond quickly, promote recovery, and design the post-covid phase to help this shift. Digital epidemic payment methods are examined. This study analyses the digital divide's causes and effects. Net neutrality and zero-rate planning need attention. It's important to study Internet shutdowns. Indian companies including aviation, logistics, and hotels have suffered. Covid-19 influences companies' online, physical, and digital transactions. Covid-19 increased digital technology use with social distance and national blockades. People and organisations must change. Explore digital rising research concerns.

**Keywords:** Digital payments, Covid-19, National blockades, Pandemics, Post-pandemic

---

---

### 1. Introduction

Digital payments are made using a mobile app or website 24 hours a day, 7 days a week, anywhere around the globe. This involves moving money from the debtor's bank account to the creditor's bank account. All governments promote digital payment systems, which have several benefits. The notion of digital payments was born in the previous decade but has evolved quickly, especially in Indian towns and villages, because Covid-19 slammed all economies with lockdown rules.

Covid-19 affected India's economy. The ban starts March 24. Hotels, shops, offices, schools, and temples are closed. Unused site. This impacts electronic payments. Before Covid19, many preferred digital payments, but the outbreak increased usage. Digital payments are available in India and worldwide. Credit/debit card, Google Pay, Phone Pay, banking apps, Paytm, NEFT, RTGS, POS, IMPS, mobile wallet, internet banking, etc.

The Pandemic has touched us greatly. In the recent two years, extended shutdowns, occasional shutdowns, and unexpected shutdowns by state and central governments harmed numerous sectors of the economy directly and indirectly. Cash usage during these times affected the business climate, economic development, credit accessible to industrial units, and household spending, and increased health care expenditures.

### 2. Review of literature

Kaur, S., & Walia, N. (2021) <sup>[7]</sup> investigated the impact of COVID-19 on digital transactions in India. A paired sample t-test found that COVID-19 influenced digital payments. This study's conclusions may help stakeholders promote digital payments.

Singhal, R. (2021) <sup>[11]</sup> mentions in her article that digital banking services give banks a variety of alternatives for the benefit of their consumers. The shoppers have a favourable image as well as a beneficial influence on the adoption of digital payment services. She discovered that continuous development in media transmission as well as innovation has supplied impetus to the volunteer sector.

Jain, Sarupria and Kothari (2020) <sup>[6]</sup> studied, how the happening of COVID-19 has brought a great boost to the Indian economy, especially in the sectors like food and beverages, entertainment and others. The services of digital payments have seen huge growth that is from 5 per cent to 30 per cent after the demonetisation, also with continuous efforts of the government towards the digital economy.

There is a big contribution by the entertainment and hospitality industry which is approximately 40 per cent to the economy which is helping for growth.

Vally Suma and Divya Hema (2018) <sup>[13]</sup> found that demonetization increased the adoption of BHIM and UPI with complete transparency. Researchers surveyed 183 participants from Hyderabad, India, and analysed their results using Chi-square. They observed that technology deployment in digital payments has improved banking performance to achieve a cashless economy. They propose banks take significant initiatives to raise knowledge about security and technology.

Balaji and Vijaykumar (2018) <sup>[2]</sup> analysed "Diffusion of Digital Payment System in Rural India" and the importance of a cashless country in the Southern Indian economy using SEM. Digitalization is becoming a survival priority, and its economy affects people's social life. Adopting digital payment services by rural people would promote the use of computerised systems in south India.

Chavda (2018) <sup>[4]</sup> found that rural Indians rarely use digital payment systems. Digital India, demonetization, and smartphone and internet expansion in India boosted mobile payments. Political and societal developments have also influenced rural digital payments. Due to a lack of knowledge and technology, infrastructure, insufficient facilities, and

other problems, rural people find it difficult to use mobile payments.

Various studies have established the importance, relevance, and validity of how digital technologies for payments accelerated during the Covid-19 period, which but for the pandemic may not have scaled up the Indian Economy to a high level of digitalisation, without much resistance to change, compelled as it were by external circumstances arising due to Pandemic, and also gave a boost to the economy and growth to the industry.

### 3. Objectives

- To find out the effect of Covid-19 on Digital payment systems in Bangalore city.
- To investigate the current state of digital payments.
- To Study consumer behaviour in choice of modes of digital payments.

### 4. Methodology

This study uses primary data, based on South Bangalore City responses. It's acquired via a multi-stage sampling technique. Only 286 of the gathered responses were suited for the research. MS Excel and SPSS used to analyse the processed data. For the analysis, ratios, chi-square and Binary Logistic Regression are employed.

## 5. Analysis & Discussion

**Table 1:** Shows the demographic factors of the respondents

Profile variables	Particulars	No. of respondents	Percentage (%)
Gender	Male	189	66%
	Female	97	34%
Age (in Years)	Below 18	14	5%
	18-30	114	40%
	30-40	97	34%
	40-50	60	21%
Marital status	Married	177	62%
	Unmarried	109	38%
Education level	PUC & below	109	38%
	UG Degree	80	28%
	PG Degree	66	23%
	Other	31	11%
Occupation	Student	83	29%
	Employed	49	17%
	Self-Employed	26	9%
	Homemaker	34	12%
	Business	43	15%
	Others	51	18%

Source: Primary Data

The results are presented in Table -1, which shows that most of the respondents are male (66%). The age brackets of 18 to 30 and 30 to 40 years old make up the largest proportion of the overall responses (74%). 62% of respondents are married, while 38% of respondents are Unmarried. PUC and below (38%), UG degree (28%), PG degree (23%), and others (11%) were the education levels of those who replied. There are responses from 29% of the students, 17% of the employees, 9% of the self-employed, 12% of the housewives, 15% of the business owners, and 18% of those with other jobs.

It's quite evident that 99% of people who responded are regular smartphone users. 91% of consumers are using this to make digital payments. More respondents think digital

payments will help them save time, the more positive they are about trying them out. Majority The majority of survey takers are of the opinion that Google Pay is the superior monetary app. 70% of those who took the survey feel that digital payments are simple and widely accepted in the Covid-19 time frame. Majority For efficient and affordable lockdown, 97.9% of respondents favour online payment and only 2.1% favour offline payment. Evidently, 89% of people think Covid-19 was crucial in moving India closer to a paperless economy. 93% of respondents in the Covid-19 era clearly indicate that they are becoming more reliant on E-Wallet services. Most respondents have trouble making payments, and this method will have an impact on data privacy and online fraud prevention. If the government puts in place

adequate safeguards, this kind of electronic payment might become more widely used.

**Table 2: Hypothesis Testing**

Null Hypotheses	Pearson Chi-Square value	df	p-value (2-sided)	Null Hypothesis
H <sub>01</sub> : Gender and the respondents feeling about the disadvantages of digital payments are independent.	8.136 <sup>a</sup>	3	.043	Rejected
H <sub>02</sub> : Gender and the hurdles faced by the Respondents while visiting the bank during COVID-19 are independent.	2.016 <sup>a</sup>	3	.569	Unable to Reject
H <sub>03</sub> : Gender and the Respondents feeling about e-wallet services are independent.	4.809 <sup>a</sup>	3	.186	Unable to Reject

*Source:* Authors' Calculations

H<sub>04</sub>: There is no significant impact of Education level, Age group, Occupation of the respondents on usage of digital payments.

The binary logistic regression analysis was conducted to investigate if Education level, Age group, Occupation of the respondents on usage of digital payments. The outcome of the interest was usage of digital payments. The possibility predictor variables were (Education level, Age group and Occupation). The Hosmer and Lemeshow Test show goodness of fit was not significant ( $p > 0.05$ ) indicating the model is correctly specified. Additionally the [-2 Log likelihood = 129.856] and the [Nagelkerke R Square = 0.808]. The model resulted the IV (Age group) not significant ( $p > 0.05$ ), however the IVs (Education level and Occupation) were found to be significant ( $p < 0.05$ ). The estimated odds ratio favoured odds ratio [Exp(B) = 1.107, SE = .404, Wald = 7.495] for one unit increase in education level and [Exp(B) = 1.033, SE = .376, Wald = 7.548] for one unit increase in Occupation.

## 6. Conclusion

The South Bangalore digital payments after Covid-19, indicate that digital payment methods have accelerated and a similar findings have been reported in study in other parts of India. Covid-19 has enhanced India's digital economy through digital payments. IT has changed how consumers and businesses transactions. The fast debit has increased merchant volume and lowered transaction costs and times. New UPI-linked apps have enhanced audit trails, linkages, and lowered tax fraud. Rural India's economy expanded smoothly. Using existing technology, the strategy should give cost-effective digital solutions. Increasing GST, direct tax, and customs duty revenues while collection related administrative expenditures decreased. With the arrival of Neo-banks, Fintechs, and associated new entities in the digital realm, new digital technologies and business models will explode, increasing customer choice. This may generate risk problems for the regulator (RBI), who must monitor for distress indications that may be difficult to detonate. Cybersecurity, capital adequacy, loan debtors, and internal control system robustness are risks. Digital transformation goes beyond money. KYC, online auditing, and accounting will revolutionise future service delivery. Accountants, auditors, and consultants may transform service industry paradigms. Emphasis on digital payments.

## 7. References

1. Achutamba V, Hymavathi CH. Impact of Covid-19 on Digital Payments in India. *Journal of Positive School Psychology*. 2022; 6(3):4394-4400.
2. Balaji RP, Vijayakumar T. Diffusion of digital payment system in rural India. *Global Journal of Management and*

*Business Research*, 2018.

3. Chaudhari C, Kumar A. Study of Impact of The Covid-19 Outbreak on Digital Payment in India. *Vidyabharati International Interdisciplinary Research Journal*. 2021; 12(02):99-102.
4. Chavda V. An empirical study on factors affecting consumer adoption of mobile payments in the rural area. *Sankalpa*. 2018; 8(1):64-71.
5. Franciska AM, Sahayaselvi S. An Overview on Digital Payments. *International Journal of Research*, 2101-2111, 4(13).
6. Jain A, Sarupria A, Kothari A. The Impact of COVID-19 on E-wallet's Payments in Indian Economy. *International Journal of Creative Research Thoughts*. 2020; 8(6):2447-2454.
7. Kaur S, Walia, N. COVID-19 and adoption of digital payments in India. *World Economics*. 2021; 22(1):149-160.
8. Kulkarni N, Deekshabhoomi VIP. Digital payment system: a study on customer perception and concerns.
9. Pandey N, Pal A. Impact of digital surge during Covid-19 pandemic: A viewpoint on research and practice. *International journal of information management*. 2020; 55:102171.
10. Revathy C, Balaji P. Determinants of behavioural intention on e-wallet usage: an empirical examination in amid of covid-19 lockdown period. *International Journal of Management (IJM)*. 2020; 11(6):92-104.
11. Singhal R. Impact and Importance of Digital Payment in India. *International Journal of Multidisciplinary Educational Research*. 2021; 10(2):3.
12. Sujith TS, Julie CD. Opportunities and Challenges of E-payment System in India. *International Journal of Scientific Research and Management (IJSRM)*. 2017; 5(09):6935-6943.
13. Vally KS, Divya KH. A study on digital payments in India with a perspective of consumer's adoption. *International journal of pure and applied mathematics*. 2018; 119(15):1259-1267.