

COVID-19 EFFECT ON DIGITAL PAYMENT SERVICES

AT VILLAGES AND TOWNS

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ABSTRACT

In a fastest moving digital world there is one largest growing mode of making payments called as Digital Payments. Digital payment is an emerging concept of that involves a monetary transaction between two or more people by adopting online or digital platform instead of having exchanging money physically. It is a platform where no physical interaction is required to pay or receive sum of money that can be done via mobile or computer across globe round the clock. The main objective of making payments digital is to have fair recording of all monetary transactions and safeguarding public from loss of theft of their hard earned money. COVID-19 or Coronavirus is a serious health disease due to which the whole globe was declared as pandemic and shuts all business through implementing worldwide lockdown by governments of every nation in order to safeguard health's and lives of common people suffering to which numerous individuals lost their existence. The aim of present research is to study the concept of digital payment along with impact of COVID-19 on digital payment services especially at root level that is in towns and villages of India. The secondary research covers some view-points or insights of other researches who contributed their knowledge in related concern. The conclusion of present research paper shows that there is an high increase in use of digital payments services through various applications in Indian towns and villages which was not much high before the happening of world-wide pandemic Covid-19.

Keywords: *Digital payments, COVID-19, Monetary transaction.*

INTRODUCTION

The term digital payment refers to a process of making some payment for certain sum of amount through using mobile application or website round the clock across globe.

This involves direct transfer of money from debtor's bank account to creditor's bank account without having any physical transaction between parties. Government of every nation contributes its efforts in promoting digital payments services regularly which is backed by several benefits. The concept of digital payment has taken birth last decade but is now trending with faster pace especially in towns and villages of India after the happening of world-wide pandemic that is COVID-19 which has taken all economies to face set back due to regulation of full lockdown.

In India the idea of advanced installment begins flourishing in year 2016 however send off of Digital India mission empowering Indian finance manager's as well as nation individuals taking on computerized innovation in their life to strength country's economy through paperless, Faceless and credit only exchanges. In year 2020 when nation confronted enormous pessimistic effect due to Covid consistently individual has begun making installments for acquisition of their basics through computerized move by keeping away from cash installments to protect themselves from any sort of contact with someone else whether an individual from city, town or even towns. An individual can make advanced installment either by introducing versatile financial application or by any outsider application, for example, Amazon Pay, Google Pay, Phone Pay, Paytm and a few others where both the gatherings, for example, payer as well as payee are expected to connect their ledger with installment application to put exchange or needs to store sum on their computerized wallet of introduced application.

The effect of COVID-19 unfavorably affected the majority of the ventures overall, for example, retail, design, cordiality, aircrafts and a few others, then again the worldwide pandemic has supported utilization of computerized installments in couple of areas, for example, purchasing food and meds web based, buying in OTT (beyond preposterous) feeds for most recent motion pictures or web series with a consistence of legislative rule for keeping social separation and less utilization of money installments available for use. Numerous retailers to cause their credit only deals to have embraced a method for computerized installment which permitted them to acknowledge and make different exchanges through various applications. There are outsider applications as well as a portion of the online business sites, for example, Amazon or courier applications like WhatsApp

have additionally begun offering computerized installment administrations to overall population.

The idea of computerized installment administrations has given vast advantages to public in having simple as well as continuous installments and furthermore goes about as a need after the occurrence of COVID-19. The upside of making exchanges through computerized administrations, first and foremost, is that it helps society in keeping social separation and shields their life from any sort of contact with disease or infections. Making installments through applications energizes individuals through benefiting some money backs or shopping

vouchers that spurred them to utilize such advanced installment administration applications and make their installments. In the space of towns or towns where trading necessities through cash was truly challenging, advanced installment assisted venders with making their deals and experience increment because of acknowledgment of computerized installments straightforwardly into their financial balances, this likewise decreased their pressure for saving cash into bank when even banks were shut. Computerized installments assists public in making their duty with cleaning even off of far off spots or assisting their companion individuals when they are in with requiring, advanced installment doesn't think about the area or spot of payer as well as of payee. It was exceptionally useful for involving computerized installments to make installments of their utilities, for example, power charge installment, fuel, and everyday life expenses, home leases and, surprisingly, helped a great deal in having normal investments.

DIFFERENT DIGITAL PAYMENTS APPS

Google Pay (Tez)

The application was being launched by Google Incorporation launched in year 2015. Google pay is most commonly used digital payment application that is easily available on android or iOS operating systems. An individual can transfer money or pay its utility bills either directly from their bank account or by having Unified Payment interface (UPI) id that can be created only after installing Google Pay application. The app offers dual security to its users as well as securing through their fingerprints which makes

them stress free from any kind of theft or losing their secret credentials. It can be used by small shopkeepers, wholesalers or even large business organisations to make or receive their payments. As of date the application has more than 100 million users out of which more than 67 million are solely from India making transactions higher than \$110 billion every year.

Paytm

Paytm is an Indian origin digital payment service third party mobile and computer based application. The concept of Paytm came into existence in year 2010 as a private business operating firm. The application has a specialisation in areas of e-commerce, financial technology as well as digital wallets. It a widely accepted application that offers its services in 11 different languages of India with an aim that can be easily understood by every citizen of country. Other than serving facility of making and receiving payments, the application also fulfils several needs of its customers such as by its Paytm mall, Gamepind, Paytm money, Paytm smart retail and Paytm Payments bank. As of date the application is having more than 350 million users who are active to its services and considers application for their use generating net income of more than 360 million each year.

PhonePe

PhonePe is another Indian based payment service application being launched in year 2015 as a private owned multilingual mobile and computer based application. The company has it's headquarter in Bangalore city in Karnataka region of India. PhonePe is a unified payment interface (UPI) based app where a user is required to link his or her bank account and generate a UPI id to make any kind of transaction or paying utility bills. Like Paytm the app is also available in 11 languages for users from India. As of date the application is having more than 280 million customers who use services of PhonePe. In the year 2020 January the company has launched ATM service for its users under the name "PhonePe ATM". It generates revenue more than \$60 million each year.

Internet Banking

The concept of internet banking is also referred as web banking or online banking by users. A bank account holder can avail services through internet banking either by installing mobile application or by direct visit on its official website from bank account of one party to another. This offers various kinds of corporate as well as personal banking assistance in a form of money transfer, having a look towards transactions which recently made, generating statements, paying bills for utilities and several others. The application provides dual security to its users so to remain stress free from security issues and fear. As of date more than 150 million account holders uses services through online banking comprising more than 45 million users from urban areas of India.

LITERATURE REVIEW

Singhal Rashi (2021): quoted in her paper “Impact and Importance of Digital Payment in India” that services offered by banks in digital form provides various opportunities to the banks when it comes to the benefit of their customers. The shoppers have a great impression along with a worthwhile effect upon the use of digital payments services. As one of the largest providers of financial and monetary services in our smart cities and the bush of rural areas, business banks provide inimitable services to their potential customers. She has founded that RBI and Indian government has brought up some noticeable acceptances with an entry of a mode such as non-financial system of deferred payments. The regular improvement in transmission of media as well as innovation has provided stimulation to voluntary framework of computerised instalments. Further she also mentioned about various governmental activities such as demonetisation or GST which is contributing to the economic expansion along with spreading of net for high expenses.

Vally Suma and Divya Hema (2018): mentioned in their study on “digital payments in India with perspective of consumer adoption” that digital payments services got hike after the happening of demonetization which gave rise to use of BHIM and UPI applications with a presence of full transparency. The researches have conducted a primary survey for 183 people from Hyderabad region of India and analysed their data through

application of a technique that is Chi-square. They founded that technological deployment in case of digital payments has raised banking performances that is competent to attain objective of cash less economy. They further analysed that banks are required to bring some measures that are effective in order to create awareness while using security or technology.

Pal and et. al., (2018): quoted in their present report “Digital Payments and discontents: street shops and the Indian government’s push for cashless transactions” mentioned that adoption of digital payment services solely depends upon certain factors such as transaction scope, form of goods sold, some personal aspects that are specific to enterprise owners upon familiarity of use as well as comfort. They measured environmental force towards adoption of technology against trust, practices as well as transactional control. In their research they founded that there is a need of imparting high technology to have modernity in digital payments with regular initiatives instead of experiencing productivity which is present in today’s scenario of digital payments. The researchers have interviewed 238 different vendors for successful conduct of their research and applied certain techniques of coding in order to get accurate results for the data. It was found that shopkeepers have adopted method of digital payments after facing happening of demonetization but later started conducting their business more with cash payments as soonwhen new currency notes came into circulation.

Balaji and Vijaykumar (2018): analysed the concept of “Diffusion of Digital payment system in Rural India” and mentioned the significance of cashless country in context to Southern Indian economy through application of a specific research tool that is Structural Equation Modelling. The researchers have collected some data from people who belong to rural areas of South India and founded that there are some people who are still unaware about the economy which is moving towards cashless country and were very much reactive while mentioning for their responses. On the other hand they founded that digitalization is now a priority of survival, the economy of digitalisation has a significance impact on social lives of people. The adoption of digital payment services by rural community will enhance south India and contributes in installing computerised systems in areas.

Chavda (2018): mentioned in his study of “An Empirical study on factors affecting consumer adoption of mobile payments in rural area” mentioned that “using of digital payment services by rural people in India was very rare in fact was a fluke only. There are several reasons that gave a boost to adoption of mobile payments such as digital India, demonetization and growth in smartphones and internet use in India. In some cases political and social trends have also contributed rural sectors in using digital payments. From their analysis they founded that people from rural areas finds it difficult in using mobile payments due to lack of enough knowledge and technology, infrastructure, poor facility and several other factors is continuously knocking the door of challenges to rural people”.

Thirupathi, Vinayamoorthi and Mathiraj (2019): studied the concept of “Effect of Cashless Payment Methods: A case study perspective analysis” and quoted that several financial institutions and banks are getting interlinked with a system of digital payments by every day. This linkage assists Indian government in attaining economic prosperity and growth which can be seen due to effect of demonetization. They analysed that there is a presence of electronic payment only lesser than 5% of total and near about 26 per cent of the population has an access to internet. They further found that in order to increase habit of digital payments banks are now offering certain discounts to their customers if they make payments through their debit or credit cards along with an attractive offers via payments through digital wallets. Making transactions via electronic mode has made country people comfortable through having paperless proceedings. It was also quoted by them that now-a-days banks are making highest investments in area of mobile payment systems along with paying emphasis towards various initiatives incase of IT such as online and mobile banking.

Srivastava (2018): “studied the concept of “Digital financial services: Challenges and prospects for liberalised and globalized Indian economy” the objective of this study is to elaborate services of finance via digital mode in globalised and liberalised economy of India, to anticipate digital services for general people in cashless country and the last objective is to put light on some challenges of digital services in context to India. The researcher has developed hypothesis test for data collected and founded that trend of digital

services will have continuous and positive growth with its regular innovation that might dominate Indian payment scenario. It was being observed by him that there is a most crucial challenge in Indian system that is of less literacy level in relation to digitalisation, in appropriate internet access, less availability of infrastructure related to banks and unorganised market for rural people can bring hurdle in growth of digital services within country”.

Tiwari and Iyer (2018): “quoted in their study of “Adoption of Digital Wallets by Petty Vendors Post Demonetisation in India: A Prediction Approach” that the happening of demonetisation has given a large hit to the markets of India especially to small shopkeepers. The researchers have analysed the purchasing as well as demographic attitudes of 223 different small vendors from two cities of India. They analysed several challenges and benefits that are being faced by such vendors during adoption of digital payment methods. It was found that there has been a significant shift in markets of India in both segments that is unorganised and organised sectors. There were some small shopkeepers who faced huge hit and are required to shift towards adoption of digital payments whereas due to less knowledge about technology and its usage affected livelihoods of many vendors. It is being recommended by them that a government should enhance awareness about educating people towards technology and digital payments so that these vendors can feel comfortable in adopting digital payment services into their business. There were some vendors who were open to adopt digital services and switched their payment mode in order to bring stability in their sales”.

Adarsh and et. al., (2018): “mentioned in their study of Transformation towards E-wallet payments Systems pertaining to Indian Youth” that there are approximately 80.5 crores users for digital wallet alone in India and the major group who uses such service is youth. The researches has paid focus towards students of Indian colleges and conducted a survey through asking various questions so to analyse the impact of digital payments after the happening of demonetisation on daily expenses of students. They founded that approximately two-third of youth use to have mobile recharges, ticket bookings from online mode due to its less time consuming and easy to make transactions. They also

analysed that various cash backs, loyalty or points redeem offers attracts them to make digital payments and avail best offers out of them”.

Jain, Sarupria and Kothari (2020): studied “the Impact of COVID-19 on E-wallet’s payments in Indian economy” and analysed that happening of COVID-19 has brought a great boost for the Indian economy especially for 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 happening of demonetisation also with continuous efforts of government towards economy. There is a big contribution by entertainment and hospitality industry which is approximately 40 per cent to the economy which is helping for growth”.

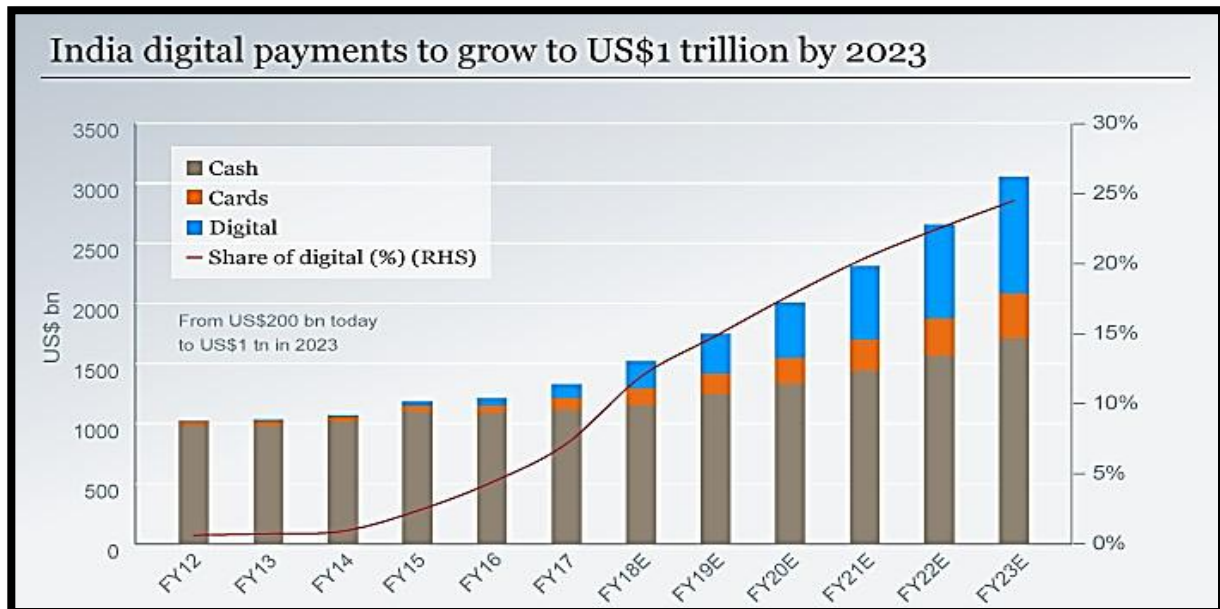
RESEARCH METHODOLOGY

In the present research, the researcher has used secondary data in order 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.

PAST TRENDS AND FUTURE PROJECTION OF DIGITAL PAYMENTS IN INDIA

The past trends refers to an analysis of previous years related to digital payments in India and the future projections shows an idea of some upcoming years. In order to have more strong conclusion research has considered some graphs which shows trend of digital payments in India from financial year 2012 to financial year 2023.

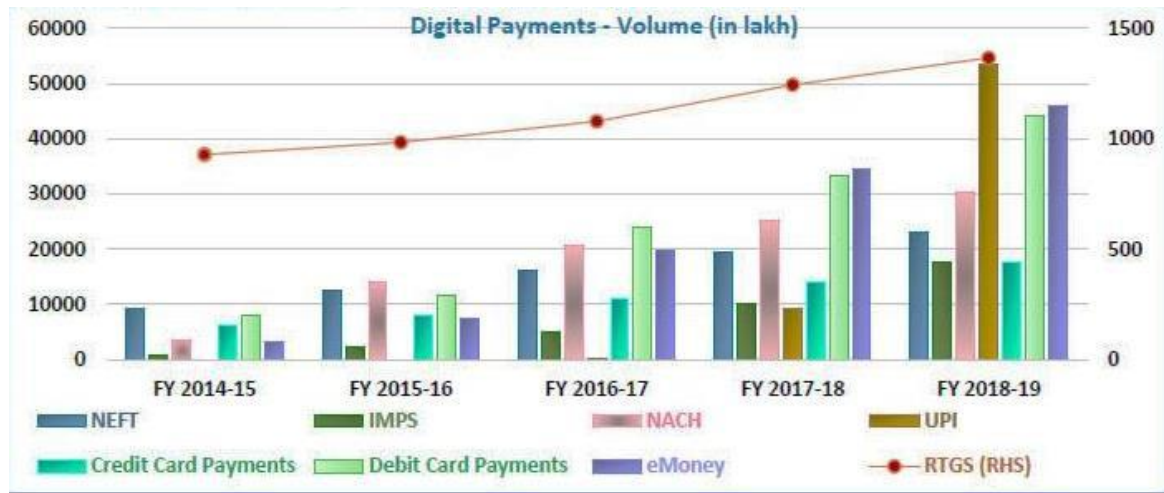
Figure 1: Indian Digital Payments growth trend



Source: RBI, CME, Credit Suisse estimates 05.04.2018

The figure 1 shows trend of India's digital payment which is predicted to grow by US\$1 trillion by the financial year 2023. The graph shows an increasing trend year by year that is in financial year share of digital payment was less than 5 per cent in an economy which increased up-to 15 per cent approximately in financial year 2019 that is before pandemic. In year 2020 the share experienced a growth between 15-20 per cent which has further increased to nearby 20 per cent in current year that is financial year 2021. It is being predicted that by the year 2023 the Indian economy will have approximately 25 per cent of its share which will lead to US\$1 trillion. The graph shows that the use of digital payments is continuously increasing by each year along with an growing trend in use of debit or credit cards.

Figure 2: Different digital payments volume graph



Source: RBI publications 24.02.2020

The figure 2 shows use of various digital payments systems within India depicting NEFT, Credit card payments, IMPS, Debit card payments, NACH, eMoney, UPI and RTGS for the year 2014 to 2019 that is before pandemic. The graph shows that the use of different digital payment services/systems in financial year 2014-15 was below 10,000 units especially UPI payments were not present but year by year when Indian people started enhancing their awareness about digital payments along with an use of banking services such as NEFT, RTGS there is an increase in use of eMoney and UPI payments. It can be seen that by the financial year 2018-19 there is a high increment in use of UPI id's that is by more than 5000 people resulting into 1300 lakhs transactions, the highest digital payment system among all. Although each digital payment system is showing a continuous growth by every year but UPI is at the top of all which means that people are more using digital payment applications such as Paytm, Google Pay, Phonepe and several others.

LIMITATION OF THE STUDY

It is conceivable that some or many individuals don't know about advanced installment as they might don't utilize android cell phone or PC. The current review was led based on a few optional information which may be created to produce compelling end. The current report has a few limits, for example, the exploration depends on optional assets which can be additionally improved by utilization of essential information assortment through direct study. Notwithstanding, the motivation behind the review was to dissect the effect of COVID-19 on reception of computerized installment administrations.

RESULTS AND DISCUSSION

Digital payments are a wellspring of sending and getting financial installments in economy which goes about as a monetary promoter as this supports cash stream effortlessly. Advanced installment applications permit a person to get their exchange going nonstop across the world without making their pockets weighty. There was a utilization of advanced installment administrations post pandemic by Indian individuals, for example, finance manager's as well as by families yet the flood of Covid-19 has expanded the utilization of computerized applications in economy particularly at towns and town level. Presently a-days a large portion of the little finance managers, retailers even the individuals who procure their vocation through selling of their things utilizing pushcarts or vendors.

Each resident is currently cognizant about their wellbeing and security subsequently lean towards advanced exchange rather than cash installments. Having exchange through advanced applications is a lot more secure than actual trade of cash which includes contact to notes by various hands in round. Individuals at towns and towns convey their QR code of their advanced wallet at their shops or on their trucks which makes simple to pay how much cash in return of things bought or benefits consumed. This then again draws in additional clients to pay right from their ledgers or computerized wallets while making any sort of procurement not having pressure of

money smash in market. For little money manager's computerized installment all the while goes about as an immediate store into their financial balances by not remaining in a long line at store work area in bank which saves their time and upgrades their extent of business.

The occurrence of Covid-19 has improved the utilization of computerized cash as well as understanding and information about advanced installments and its administrations that towns and town individuals doesn't convey before this in proportion what is capable today. Rather than trading cash for their basics they simply make their installment through utilization of computerized installments and little money managers or businesspeople are additionally now ready to make the installment of their stock. Before the pandemic it was simple for businesspeople or vendors to purchase their stock through ongoing money installment after which just the distributor supplies their things. However, presently these pushcart clients, vendors or little retailers can gain their expected stock through making installment carefully to their connected wholesalers. Despite the fact that there was an expansion in use of computerized administrations after the event of demonetization yet this pandemic wave has supported individuals from towns and towns to involve them in their everyday practice. The current pattern shows that there will be a ceaseless expansion in reception and utilization of computerized installment applications as individuals are presently getting mindful and grasping its pertinence.

Digital administrations or computerized installment applications is an extraordinary supporter of the improvement of Indian economy GDP as well as norms of society who were very little mindful previously or was confronting exchange related issues through utilizing cash just in their daily practice.

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