

Impact of COVID-19 Outbreak on Digital Payments

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Abstract: With the advent of technology development and improving digital experience, electronic payments globally are being adopted at an outstanding pace. Even with increasing concerns over data privacy and security, the trend is expected to continue, over the course of development and adoption, electronic payments had a tremendous effect on various sectors like banking, Tourism, Hotel Industry etc. These sectors had affected in various ways. The use of digital payments for everything from groceries to utility bills to cab fares to fee payments, etc. across demographically diverse people, has seen a colossal rise due to the virus's fear.

Keywords: Bank, COVID-19, Digital, Payment, Transact.

I. INTRODUCTION

During the countrywide lockdown due to COVID-19 or maybe positioned up the easing of the curfew, transaction period on the Unified Payments Interface hit an all-time high, as people were skeptical to use foreign exchange notes for health and safety reasons. This way of thinking to refrain from close to interactions gave online payments a good deal-desired boost. Today, digital payments are on the rise for the whole lot from crucial grocery shopping, food ordering, bill payments, scientific payments, software program payments and mobileular top-ups. According to a brand new report, the amount of digital rate transactions has witnessed a surge of 23% amongst June and July 2020. This growth can be attributed to the quick adoption of digital rate techniques collectively with e-wallets, UPI, debit/credit score rating gambling playing cards and net banking, among others. The digital Payment vicinity in India has seen a consistent exchange for the motive that 90's with the improvement of the Banking company and presentation of recent innovations, for example, Magnetic Ink Character Recognition (MICR), Automated Teller Machine (ATM), and India is encountering a development course in computerized installments that is more green than many superior a good deal much less-coins economies. Demonetization might be to be described as game changers of the Indian economy. On the

opportunity hand, Demonetization is fundamental to growth cashless payments. In this futuristic world, all payments may be made through manner of method of contactless gambling playing cards, mobileular tele mobileular phone applications and special virtual method while notes and coins will stand vanished. All this had affected our Indian Economy at a larger pace. According to a survey done on parameters collectively with spherical the clock availability of the services, adoption, and immediacy of payments, India is considered to have a more superior digital rate surroundings in contrast to 25 special global places along with the U.K., China and Japan. The shape of impetus the COVID-19 catastrophe has provided to India's digital payments story – is truly considered one of its kinds. The use of digital payments for the whole lot from groceries to software program bills to cab fares to rate payments, etc. in the course of demographically numerous people, has seen a good sized rise due to the virus's fear.

II. LITERATURE REVIEW

G. Sudha and V. Sornaganesh (2020) in their research paper took a sample of 220 respondents selected by applying simple random sampling method. The collected data are analyzed by applying appropriate statistical tools like t-test, Chi-square test and ANOVAs test. And concluded that the government is aiming for a billion digital transactions per day as the world's fastest growing Smartphone market empowers consumers to transact at the click of a button.

Das Kishore Kumar and Patnaik Shalini (2020) in their research paper have shown the impact of the corona virus pandemic COVID-19 could lead to slowdown in household requirements. This will result in erosion of purchasing power due to job losses or pay cuts and slow down effect of deferred demand will have a longer lasting impact on different sectors, especially where demand is discretionary in nature, his paper is based on secondary data and analyzed that outbreak of corona virus has pushed the entire world into state of ambiguity. The present depression is a total change from recessions that we had faced in 2008.

M. Thangajesu Sathish, R. Sermakani and G. Sudha (2020) this study is revealed that the traditional system of cash transaction cannot completely be replaced by card or e-payment system. People can use their mobile wallets to make payments, transfer funds, buy groceries, and pay bills, among other things. The survey found that trust is the most important factor influencing users' satisfaction and that it has an impact on many users' intentions to use mobile wallets.

T. Ravikumar, B. Suresha, M. Sriram and R. Rajesh (2019) in their research paper asserts that Innovative technologies have brought new paradigms in the global business he analyzed the contribution of digital payments to the economic growth between period 2011 and 2019. By applying unit root test he concluded that the study reveals that among the independent variables, retail electronic payment is the only variable that impacts the real GDP significantly and the other variables do not impact the real GDP significantly in the short-run.

III. OBJECTIVES OF THE STUDY

- To discuss the various types of Digital Payment Methods in India.
- To study the Impact of Digital Payments on various Sectors.
- To discuss the Future/Expected Trends of digital payments.

IV. RESEARCH METHODOLOGY

This paper is conceptual in nature. In the present study both the primary and secondary data have been used. Primary data like reports and statistics provided by banks and financial institutions have been considered for this study. Necessary data has been collected from various sources like newspapers, magazines and websites.

V. LIMITATIONS OF THE STUDY

- Research data is mainly based on the reports and statistics provided by the banks.
- Research is conducted only for the period during Pandemic, COVID-19.
- Sometimes data collected from secondary sources might be not correct due to which some facts and figures presented in this research paper may not be accurate.

VI. USE OF DIGITAL PAYMENTS

In today's era digital payments are on high demand. Paying online or via electronic mode or transferring funds from one account to another account electronically is called Digital Payment.

Various Modes of Digital Payment Methods in India.

- *Banking Cards*: Cards are among the most widely used payment methods and come with various features and benefits such as security of payments, convenience, etc.
- *USSD*
- *Adhere Enabled Payment System (AEPS)*: All transactions are carried out through a banking correspondent based on Adhaar verification. There is no need to physically visit a branch, provide debit or credit cards, or even make a signature on a document.
- *UPI*: UPI is a type of interoperable payment system through which any customer holding any bank account can send and receive money through a UPI-based app.
- *Mobile Wallet*: A mobile wallet is the digital or wallet stores bank account or debit/credit card information or bank account information in an encoded format to allow secure payments.
- *Bank Pre-Paid Cards*: This type of card may not be linked to the bank account of the customer. However, a debit card issued by the bank is linked with the bank account of the customer.
- *Point of Sale (Pops) Terminals*: Traditionally, Pops terminals referred to those that were installed at all stores where purchases were made by customers using credit/debit cards.
- *Internet Banking*: Transferring funds via online mode is known as Internet Banking.
- *Mobile Banking*: Mobile banking is referred to the process of carrying out financial transactions/banking transactions through a Smartphone. The scope of mobile banking is only expanding with the introduction of many mobile wallets, digital payment apps and other services like the UPI. Many banks have their own apps and customers can download the same to carry out banking transactions at the click of a button.
- *Bharat Interface for Money (BHIM) App*: The BHIM app allows users to make payments using the UPI application. One can link his/her bank account with the BHIM interface easily. It is also possible to link multiple bank accounts. The BHIM app can be used by anyone who has a mobile number, debit card and a valid bank account. Money can be sent to different bank accounts, virtual addresses or to an Aadhaar number.

VII. IMPACT OF DIGITAL PAYMENTS ON ECONOMIC GROWTH

The continuous spread of COVID-19 has gotten perhaps the greatest danger to the worldwide economy and monetary business sectors. To contain the effect of the COVID flare-

up, India, in the same way as other nations across the globe, is taking a few measures, including a cross country lockdown; restricting development of the whole populace; closing down open places and transport; and encouraging general society to remain inside, keep up social distance, and work from home. The subsequent monetary disturbance is tremendous and the short-term decrease in movement for organizations, both enormous and little, extensive. With monetary development expected to be seriously hit, the monetary viewpoint of the computerized installments area is the same and will follow a comparative direction, in any event for the time being. In any case, the business' strength and potential for development will assume a priceless job in rebooting the economy in the new typical.

A. Business Impact

COVID-19 had adversely affected major sectors of the Indian economy, with manufacturing, auto, retail, aviation and hospitality bearing the brunt of the lockdown. It has accelerated the digital payments which are closely linked to the aforesaid sectors. Shut shops, travel bans and reduced optional spends

by consumers (on dining out, movies and entertainment and so on) are further negatively impacting digital payments, tourism, hospitality, hotels, entertainment, e-commerce (non-essentials) and restaurants, among other sectors. Further, cross-border payments, be they B2B or C2B, have considerably declined. However, there are also a few areas that are seeing acceleration in digital payments by way of increased adoption during the lockdown. These include online grocery stores, online pharmacies, OTT players (telecom and media), EdTechs, online gaming, recharges and utility/bill payments. Digital payment volumes are also receiving a boost through the Government, which has pledged monetary assistance to the poor via direct transfers to bank accounts. The finance minister and the CEO of the National Payments Corporation of India have also urged people to increase the use of digital payments in order to make payments contactless. Digital payments, once a convenience, have become a necessity in these times.

B. Sectoral Impact

Payment players have impacted differently, depending upon their exposure to various sectors.

Sr. No.	Various Sectors	Impact	Summary
1.	Aviation	Affected to greater extent	An acquirer with large exposure to the aviation industry is at risk due to the threat posed by increased refunds and chargeback's as flights were cancelled across the board.
2.	Restaurants and Hotels	Affected to greater extent	The lockdown has caused severe loss of business for restaurants and hotels. The restrictions on travel have hampered the peak season for many. This in turn had an adverse impact on payment volumes.
3.	Telecom Companies	Not much affected	Telecom companies have seen a boom in transactions as payments and recharges shift to digital channels.
4.	Schools and Educational Institutes	Not much affected	The lockdown and shutdown of schools and educational institutions have proved to be a boon with an increase in demand for their services enabled by online payments.
5.	Healthcare/Pharma Sector	Improved	Payment players associated with the healthcare/pharma sector will see an increase in digital payments due to the COVID-19 pandemic.
6.	Online Selling	Improved	Players catering to online selling of essential items have seen a surge in transactions due to the lockdown.

Source: Website PWC.

C. Impact on Payment Categories

Payment systems have demonstrated that they are dependable and durable, and continue to command a high level of confidence

from the general population. However, closure of businesses and the lockdown have resulted in lower transaction volumes overall. In this section, we look at the relative impact of the COVID-19 pandemic on various payment categories.

Payment Category	Relative	Impact/Use	Remarks
Issuance	Cards	Increased	Concerns over transmission of the virus through the exchange of physical currency boosted the online card transactions.
	Wallets	Increased	Wallets have also seen increased traction for P2P transfers, bill payments and P2M payments for essential services owing to the lockdown and aversion to exchanging cash. However, some wallet players have increased their fees for merchants and consumers, leading to merchants not accepting their wallets for transactions.

Payment Category	Relative	Impact/Use	Remarks
Acquiring	ATM	Decreased	Transactions at ATMs have decreased as a result of the lockdown being enforced. Not much cash will be required compared to earlier.
	PoS	Decreased	PoS terminals at stores selling essential items have seen an uptick in transactions, while those at most other establishments will see a decline.
Payment Infrastructure	UPI	Increased	UPI is primarily driven by P2P and P2M payment transactions. With fears of virus transmission through cash, P2M UPI transactions for essential services (including QR based payments) have seen an increase.
	IMPS	Increased	The IMPS facility has seen a relatively increased activity as fund transfers shift to digital means.

Source: Website PWC.

VIII. PREDICTED FUTURE TRENDS

As the COVID scenario continues to unfold, its impact on the behavior and expectations of customers, as well as those of businesses, have become more apparent. A few fundamentals that will drive the way forward.

A. Short Term

- To discuss the various types of Digital Payment Methods in India.
- Banks offering fee waiver on select digital payments (IMPS, NEFT, RTGS) and cash withdrawals from third-party ATMs.
- RBI offering a three-month moratorium on loans and credit card dues (not many people are expected to avail this as the interest charges will be very high).
- Immediate financial assistance from the Government through DBT.
- NPCI fast-tracks contactless and online on boarding for UPI and UPI QR.

B. Medium to Long Term

- Increase in transactions being converted into EMIs owing to the slowdown.
- Increase in usage of DBT rails by governments.
- Contactless payments (e.g. QR), SMS link-based payments and wearable's will see an uptick.
- Increase in customer education initiatives and measures to combat fraud.
- Increase in virtual card issuance and usage.
- Increased online presence of small and medium businesses.
- Payment processors will be encouraged to invest in service quality and to increase infrastructure and capacity.
- Online, paperless processes to issue products like unsecured loans and credit cards without any in-person contact.

- Shift in consumer behavior – greater adoption of digital payments.
- Rapid build out of omnichannel capabilities.
- Consolidation in the payments sector with a view to survive – possible deal activity.

IX. CONCLUSION

On the basis of above study it can be concluded that in some sectors COVID-19 pandemic has led to close of many businesses, where as some of the sectors continued to grow with the help of digital payments or contactless payments. The role of digital payments/e-payments has increased and becoming a trend these days. In order to get themselves safe, people are trying to transact cashless. It has accelerated the pace of growth of Digital Payments and it is expected that keeping in mind the health issues it will continue to upgrade in future (Bhagla, 2018).

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