

A
Research Paper
On
Impact of Covid-19 Pandemic on Adoption and
Usage of Digital Payment

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Impact of Covid-19 Pandemic on Adoption and Usage of Digital Payment

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Abstract:

Due to Covid-19 pandemic world has become shake upside down. Every business field from small to large faced huge loss due to lockdown worldwide. After the announcement by Prime Minister Modi, lockdown period started from 24th march 2020 in India. Due to this national emergency human being locked at their home and they were facing the problem of making payment of light bills, water bills, Insurance, purchasing essentials etc. Due to fear of spread of virus citizens switched from offline to online payment options. The Covid-19 pandemic represents turning point for the payment industry. From the period of lockdown not only large business or shapes but also small-small grocery shop holders, Medical facilities etc. accepted the digital payment options. The urgent needs of essentials goods was forcing people to switch to digital payment. Hence, in the present research paper, an attempt has been made to analyze the impact of Covid-19 on Adoption and Usage of digital payment. Also the study focuses on factors influencing on the adoption of digital payment during Covid-19.

Keywords: - Covid-19 Pandemic, Lockdown, Digital Payment, Adoption.

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1. Introduction:-

The mobile technology advancement made drastic change in the today's world. Earlier days this technology was used for communication purpose but now a-days it also work as entertainment tool, internet service & payment tool etc. Due to this innovation customer need not to wait in the queue for longer period, need not to wait for clearing of chqueues, it is available 24 hrs. Of days and 365 days of year. The bold step of demonetization drastically had shaken the Indian economy. Before the demonetization, there was the existence of digital payment options, but they were not whole heartedly accepted by Indian citizens. Due to lack of trust on digital payment becomes hurdle in the way of cashless society or economy. After the demonetization Indian economy slightly move towards cashless economy, but still not accepted whole heartedly. Till last year (2019) the usage of digital payment was choice, but from this year (2020), uncertain lockdownforced the people to use digital payment. However this uncertain longevity habituated to digital payment platforms, almost by force. Due to Covid-19 pandemic, this nationwide lockdown has benefited digital payment platform as 42% Indians have increased usage of digital means for payments (PTI, 2020). It is said that, Indian people are known for not trusting on online shopping or payment platform due to several reasons. But because of the Covid-19 pandemic they have shifted to digital payment for purchase of essential goods. What is digital payment? The digital payment is a way of payment which made through digital payment modes. What are the digital payment modes? There are various payment modes from offline to online. Offline modes include cash, cheque and demand draft. Online or digital payment mode includes payment through QR code, UPI, Payment Gateway, Internet banking, mobile banking, card payment, E-wallet and mobile wallet and many more. Due to risk or fear of handling coins and bank notes and also rule of social distancing, Indiansare ready to accept digital payment. Due to increased security features opted by digital payment platforms, customers can safely use digital payment mode for their payments.

2. Literature Review:-

Khosala (2020) in their research paper on “6 digital payment modes to look at during and post covid-19 outbreak”, mentioned that the covid-19 pandemic encouraged the usage of digital payments. The research also stated that not only large business but also small grocery stores, OTT, online gaming, e-learning, ATM withdrawals usages are giving boost to the use of digital payment.

Xiao et al., (2020) in their paper on “How digital payments can help countries cope with covid-19 other pandemic: lesson’s from China” have said that rule of social distancing could be with the world for coming years ahead. The study also stated that, due to digital payment options, people can perform transactions while in quarantine or social distancing. The research concluded that during the corona virus pandemic, digital payment have been helping the people to reduce contact with virus and keeping the economy running.

PTI (2020) in the article on “42 per cent Indian’s have increased use of digital payment during COVID-19 lockdown : Report ”, have stated that lockdown brought many 1st time users who were not very techno-savvy come closer to the digital payments ecosystem as they had a need to make digital payments for essentials.

Shrivastava et al., (2020) in their article on “Digital Payments slip 30% on covid-19 curbs”, mentioned that digital transactions processed by leading firms, both online and offline are being the brunt due to restrictions in the place to prevent a covid-19 outbreak.

Chawla (2020) in the article on “Covid-19 as a Catalyst in the Deeper Acceptance of Digital Payment Platform”, have stated that cash lost its dominance as a medium of exchange due to covid-19. This uncertain longevity forced the people to perform all transactions with the help of digital payment platform.

Tondon (2020) studied “How covid-19 has accelerated online payment Acceptance Globally.” According to study, social distancing has become the new normal these days. The covid-19 pandemic has directly affected to every single human being, regardless of the country, region, status or power. Till 2019, the usage of digital payment mediums was a choice. But with current situation in 2020 the entire outlook towards digital payment has been changed and now it is used as a need or essentials.

Research Gap: - From the above literature review, researcher understood that, due to spreading of virus with physical contact and also the need for essentials forced

the people to shift towards digital payment. Hence the researcher wants to know the impact of Covid -19 pandemic on Adoption and Usage of digital payment among the customers residing in Kolhapur district, whether it is actually happened or not in positive way.

3. Objectives:-

- To study the impact of Covid-19 pandemic on usage of digital payment.
- To assess the adoption and usage of digital payment by customer during Covid-19 lockdown.
- To analyze the attitude and perception of customers towards digital payment.
- To identify factors which influence customers to adopt digital payment as a payment mode during Covid-19 period.

4. Hypothesis:-

Hypothesis 1-

- H0: There is no significant relationship between Gender and usage of digital payment.
- H1: There is significant relationship between Gender and usage of digital payment.

Hypothesis 2-

- H0: There is no significant difference between usage of digital payment before Covid 19 and during Covid 19 pandemic.
- H1: There is significant difference between usage of digital payment before Covid 19 and during Covid 19 pandemic

5. Research Methodology:-

The present study is descriptive in nature and it has made an attempt to understand the Impact of covid-19 pandemic on Adoption and Usage of Digital Payment. For the purpose of the study both primary data and secondary data were used. In order to fulfill objectives of the study the

researcher has collected data from 122 respondents residing in Kolhapur district of Maharashtra. The data required for the study was collected by using structured questionnaire and due to covid-19 pandemic data collection was done with the help of the Google Form. Analysis was made with help of SPSS and statistical tools like percentage, chi-square test and t-test were used.

6. Data Analysis and Discussion

Table no.-6.1 Demographic Profile of Respondents

No.	Basics	Categories	Respondents	Percentages
1.1	Age	18-25	49	39.8
		25-30	54	43.9
		31-40	11	8.9
		41-50	5	4.1
		51-60	3	2.4
		Above 60	0	0
1.2	Gender	Male	78	63.4
		Female	44	35.8
1.3	Marital Status	Married	37	30.1
		Unmarried	85	69.1
1.4	Profession	Government Employee	4	3.3
		Private Employee	57	46.3
		Student	36	29.3
		Housewife	6	4.9
		Shopkeeper	3	2.4
		Business Men	16	13.0
		Retired Person	0	0
1.5	Education	Illiterate	3	2.4
		High school	4	3.3
		Intermediate	0	0
		Bachelor's Degree	61	49.6

		Master's Degree	49	39.8
		Others (Please specify)	5	4.1
1.6	Income	Below 10000	42	34.1
		10000-20000	32	26.0
		20000-30000	24	19.5
		30000-40000	8	6.5
		40000-50000	10	8.1
		Above 50000	6	4.9

Table No. - 1.1 shows that majority (43.9%) of the respondents are in the age group of 25-30, the young customers. Majority (63.4%), of the respondents are male. Explains marital status of respondents, out of 122, (30.1%) are married and (69.1%) are unmarried. Private Employees share majority percentage i.e. 46.3% of Digital Payment usage. Next to it, students preferred digital payment. It shows that most of the respondents (49.6%) are Bachelor Degree holders. It explains that majority respondents are from income group of below 20000, i.e. 60.1%.

Table no.-2 Adoption and Usage Analysis of Respondents

No	Questions	Categories	Respondents	Percentage
2.1	Have you used digital payment before lockdown?	Yes	102	82.9
		No	10	8.1
		Some Extent	10	8.1
2.2	Purpose of usage of Digital Payment before lockdown	Mobile Recharge	35	28.5
		Bill Payments	7	5.7
		Fund Transfer	6	4.9
		Shopping of Essentials (Grocery, Medicine and Milk)	8	6.5
		Others (Please Specify)	0	0
		All the above	66	53.7
2.3	Frequency of using digital payment	Daily	25	20.3
		Weekly	41	33.3
		Monthly	38	30.9
		Rarely	15	12.2
		Never	3	2.4

2.4	Modes of Payment	Mobile Wallet (Paytm etc.)	47	38.2
		Internet Banking (NEFT,RTGS)	7	5.7
		Card Payments (Debit / Credit Card)	17	13.8
		E-wallet (PayPal etc.)	1	.8
		ATM	7	5.7
		All the above	35	28.5
2.5	Promoting Factors-	Time Saving	12	9.8
		Cost Saving	1	.8
		Easy to use	10	8.1
		24 hrs. availability	13	10.6
		To avoid physical contact	7	5.7
		All the above	78	63.4
2.6	Offers by Digital Payment	Discount	11	8.9
		Cash Back	55	44.7
		Gift Coupons	5	4.1
		Gift Cards	2	1.6
		All the Above	47	38.2
2.7	Problems of	Lack of Knowledge	6	4.9

	Digital Payment	Server of Network problem	86	69.9
		Threat of security	15	12.2
		The absence of habit of using payment apps	15	12.2
2.8	Satisfaction level of Customer	Highly Satisfied	19	15.4
		Satisfied	91	74.0
		Can't Say	12	9.8
		Dissatisfied	1	.8
		Highly Dissatisfied	0	0
2.9	Continuity of using Digital payment	Very Likely	51	41.5
		Likely	54	43.9
		Neutral	17	13.8
		Unlikely	0	0
		Very Unlikely	1	.8

Table no. 2, 2.1 is the representation of the usage of digital payment before lockdown, and majority of the respondents said yes they used digital payment before lockdown. 2.2 reveals the purpose of usage of digital payment, majority respondents used digital payment for all purposes but among them usage of digital payment for mobile recharge is high. 2.3 reveals the frequency of use of digital payment, most of the customers used digital payment weekly (41) and Monthly (38) respectively. 2.4 represent Modes of Digital Payment preferred by customers. Mobile Wallet (Paytm etc.) is mostly (47) preferred or used during covid-19 lockdown. 2.5 show that, major influencing factors for preference of digital

payment are 24 hours availability, time saving and easy to use. Customers also said that due to covid-19 for avoiding physical contact with each other digital payment is necessary. 2.6 explained that, customers mostly enjoyed (55) Cash back offer provided by digital payment. 2.7 presents the data of problems of digital payment. At the time of using digital payment mostly (86) respondents faced problems related to Server or Network. According to 2.8, the most of the respondents (91) are satisfied with the usage of digital payment. 2.9 show the continuity of using digital payment. Majority respondents mentioned that they will continue use of digital payment even after pandemic situation.

7. Hypothesis Testing

Hypothesis 1:-

- H0: There is no significant relationship between Gender and usage of digital payment.
- H1: There is significant relationship between Gender and usage of digital payment.

Table no. 3 - Gender and Purpose of use of digital payment during covid-19 lockdown

Chi-Square Tests

	Value	df	Asymptotic Sig. (2-sided)
Pearson Chi-Square	11.674	5	.040
Likelihood Ratio	13.118	5	.022
Linear-by-Linear Association	3.407	1	.065
N of Valid Cases	122		

Purpose of use of digital payment during covid-19 lockdown								
		Mobile Recharge	Bill Payments	Fund Transfer	Shopping of Essentials (Grocery, Medicine, Milk)	Other (Please Specify)	All the above	Total
Gender	Male	18	8	4	3	1	42	76
	Female	18	3	0	6	0	16	43
Total		36	11	4	9	1	58	119

According to above analysis it is observed that, Asymp.sig (2-sided) values are less than 5% level of significance. Hence, there is no evidence to reject H1 and the researcher concluded that there is significant relationship between gender and purpose of usage of digital payment.

Hypothesis 2:

- H0: There is no significant difference between usage of digital payment before Covid 19 and during Covid 19 pandemic
- H1: There is significant difference between usage of digital payment before Covid 19 and during Covid 19 pandemic.

Table no-4.1

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Number of times digital payment is used before lockdown	2.24	122	1.206	.109
Number of times digital payment is used during lockdown	2.57	122	1.052	.095

Table No. 4.2
Paired Samples Correlations

	N	Correlation	Sig.
Pair 1 Number of times digital payment is used before lockdown and Number of times digital payment is used during Lockdown	122	0.549	.000

Table No. 4.3

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 How many times have you used digital payment before lockdown -How many times have you used digital payment during lockdown	-.336	1.080	.098	-.530	-.142	3.436	121	.001

From the above analysis, Sig. (2-tailed) value is less than 5% level of significant hence, researcher concluded that, H1 is accepted, and there is significant difference between usage before Covid-19 pandemic and usage during Covid-19 pandemic of digital payment.

8. Conclusion -

Demonetization was just mere one small step towards digital India or cashless India. After this movement Indian citizens look forward to use digital payment but not actually used it wholeheartedly. From the study it can be concluded that majority of the respondents said that they used digital payment before lockdown. The respondents used digital payment for all purposes but among them for mobile recharge usage of digital payment are high. According to analysis among the modes of payments, Mobile Wallet was mostly used during lockdown. Then covid-19 pandemic occurred, and the picture has been changed. Suddenly raised covid- 19 pandemic in 2020, changed the thinking and lifestyle of human being across the world but specially made huge impact on Indian human being, who were strictly stick with their traditional method of payment. They have now shifted towards modern method of payment i.e. Digital Payment. During the lockdown digital payment usage was on peak due to time saving, 24 hours availability and easy to use factors and also the new norm i.e. social distancing. Customers have also enjoyed offers like discounts, cash back by using digital payment. Till last year the usage of digital payment was choice, but from this year of uncertain lockdown people were forced to use digital payment and now respondents prefer to continue the use of digital payment post lockdown. The urgent needs of essential goods forced the people to switch towards digital payment. From the study it can be concluded that, the crisis of covid-19 pandemic boosted the digital or cashless payment market in India.

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