

HAVE DIGITAL PAYMENTS FOUND MORE ACCEPTANCE DURING COVID 19

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ABSTRACT

The Corona Virus outbreak may have accomplished more than what the demonetization could not achieve since past four years. There has been a spike in the use of cashless or digital payments by citizens and buyers in general. Whether it is purchase of medicines, online food delivery or e-commerce and utility payments, consumers have avoided cash as a mode of payment.

Our study is aimed at analyzing some studies conducted by respected institution and consultants and thereby throwing light into the empirical results as to quantify and qualify of the distribution of the digital payments in India.

Key words: Digital payments, cashless payments, Covid 19 pandemic.

INTRODUCTION

Due to the fears arising out of Covid-19 spread, during which the physical cash payments have almost become negligible, the cashless digital payments in India have seen an exponential spike during stringent lock down period.

In first 3 weeks of intense lock down period 42%. Indians have preferred and used the digital payment mode multiple times as compared to the previous 3 years after demonetization period.

Digital payment platforms have seen a surge in their application downloads too. According to a survey by consultancy firm local circles buying essentials and mobile recharges are top use preference for digital payment.

STATEMENT OF PROBLEM

As all types of survey and study of literature points out to the surge in digital payment government should encourage and incentivize cashless payments method. This would enable government to collect more tax revenues and slowly phase out the parallel economy that had flourished due to black money.

RESEARCH METHODOLOGY

Descriptive Analysis based on comparison of available secondary data facts and surveys.

REVIEW OF LITERATURE

A. BLOOMERG

The value of transaction on UPI, reached all-time high last month as people feared to handle bank notes a mid-pandemic. Electronic fund transfers from banks, which had dropped in April had rebounded. "People who never paid bills online are paying online and people who never paid for groceries online are paying online" said simple technologies CEO.

Global tech giants like AMAZONS, ALPHABET etc. are placing bets on India's digital payment market that is expected to quintuple to \$1 trillion by 2020. Alibaba startup, paytm, google pay and whatsapp pay are testing the waters.

B. ARTICLE BY CEO XPAY LIFE PRIVATE LIMITED

The Indian Bank Association has asked customers to use digital banking service and avoid visiting physical bank branches as it could pose health risk to bank's front end staff. RBI's payment and settlement system in India vision 2019 – 2021 aims to transform India into a cash-lite economy while ensuring that country has a secure state of the art payment and settlement system. Rather than during demonization times, currently it is not cash shortage but exponential increase of Corona Virus Covid 19 cases that is the major turning point for Indian adopting digital payment

C. FINANCIAL EXPRESS-ONLINE

April 29, 2020, cash loses, digital transaction with more people go online to transfer money in March RBI data. Digital transaction have achieved new heights in March 2020 due to lock down announced due to Covid – 19.

As per RBI data total RTGS transaction also witnessed a spike, by 34% during same time, total value rose to Rs 120.47 lakhs crore in March 2020 compared to 8990 lakh crore in February 2020. On the other hand cash and cash based services reported a decline with ATM withdrawals and usage of various cards (debit and credit) witnessing a significant dip, the newspaper cited, banking industry sources as say in "spending on utilities grew by 53% in March as people were staying in down. Spending online groceries grew as much as 18% during mid-March 2020" as quoted by CEO of Razor pay.

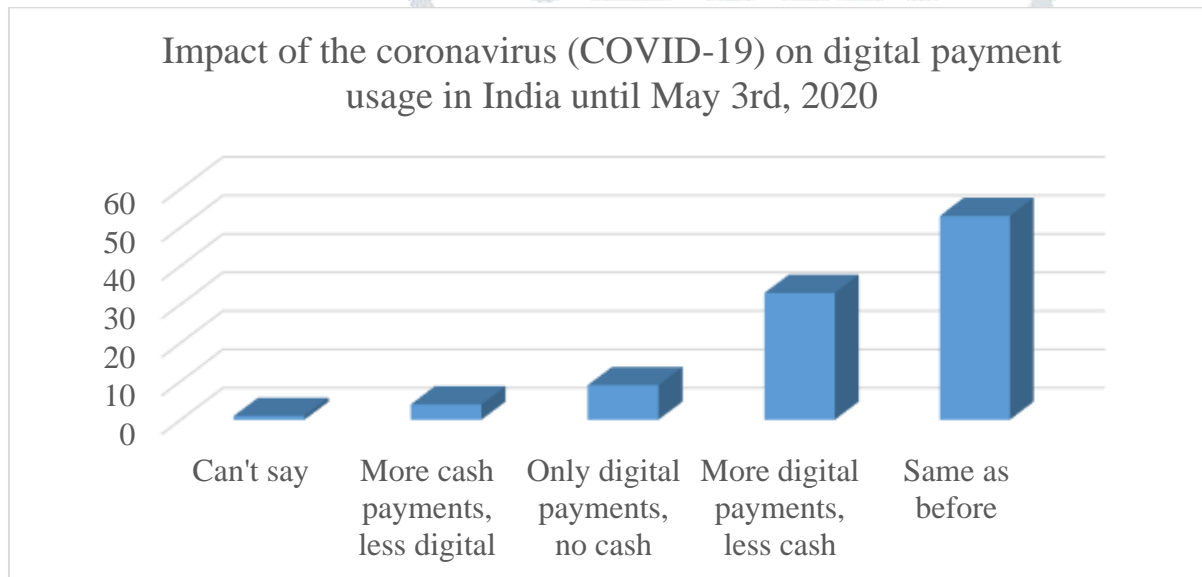
FINDINGS BASED ON**STATISTICS SURVEYS ON IMPACT OF CORONA VIRUS COVID – 19 ON DIGITAL PAYMENT**

According to results based on surveys of respondents, until May 3, 2020

- a) 33% used more digital payment, less cash
- b) Only digital and no cash 9%
- c) Same as before 58%

More digital payments has shown an increase from 4% who used more cash and less digital at 33% who used more digital and less cash.

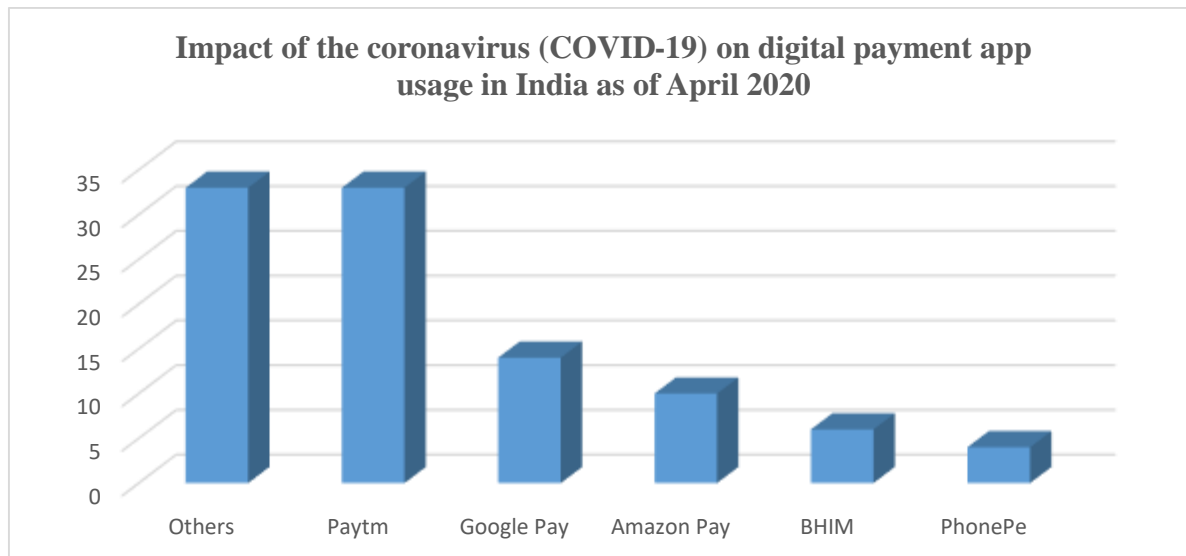
COVID-19 impact on use of digital payments in India 2020	
Impact of the coronavirus (COVID-19) on digital payment usage in India until May 3rd, 2020	
Particulars	percentage
Can't say	1
More cash payments, less digital	4
Only digital payments, no cash	9
More digital payments, less cash	33
Same as before	53

**IMPACT OF COVID 19 ON DIGITAL PAYMENTS APP USAGE IN INDIA AS OF APRIL 2020**

- a) Paytm app grew by 33%
- b) Google pay – by 14%
- c) Amazon pay – by 10%
- d) Bhim – 6%
- e) Phone by – 4%
- f) Other – 33%

According to the results of a survey among Indians on the impact of the coronavirus (COVID-19) and its consequent lockdown, a majority of respondents used Paytm to make digital payments. Over 30 percent participating in the survey reported an increase in the use of online payments. India went into lockdown on March 25, 2020, the largest in the world, restricting 1.3 billion people, extended until May 3, 2020.

IMPACT OF COVID 19 ON DIGITAL PAYMENTS APP USAGE IN INDIA AS OF APRIL 2020	
Particulars	Percentage
Others	33
Paytm	33
Google Pay	14
Amazon Pay	10
BHIM	6
PhonePe	4



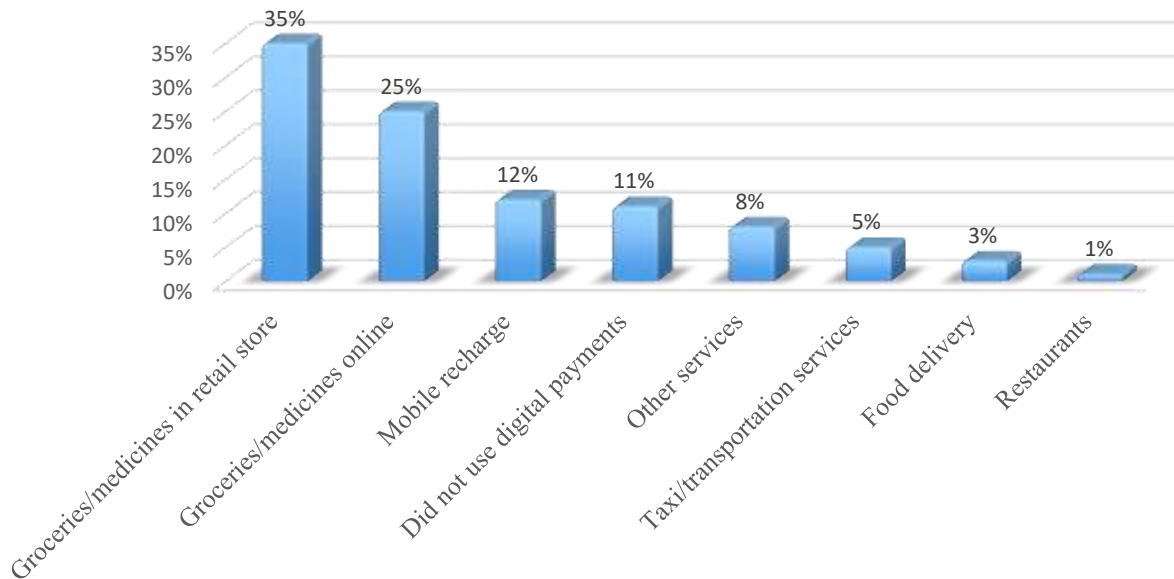
FINDINGS BASED ON SURVEY OF IMPACT OF COVID – 19 STATISTIC 2020, IN DISTRIBUTION OF DIGITAL PAYMENT APPS ON VARIOUS PURCHASE

According to the results of a survey among Indians on the impact of the coronavirus (COVID-19) and its consequent lockdown, a majority of respondents reported using digital payments to purchase groceries, medicines and other essentials. This had a higher share at retail stores than online.

- a) Groceries / medicines in retail – 35%
- b) Groceries / medicines online – 25%
- c) Mobile recharge – 12%
- d) Did not use digital payment – 11%
- e) Other service – 8%
- f) Taxi / Transport services – 5%
- g) Food delivery – 3%
- h) Restaurants – 1%

Impact of the Coronavirus (COVID - 19) on digital payments in India as of April 2020, by type of purchase	
Particulars	percentage
Groceries/medicines in retail store	35%
Groceries/medicines online	25%
Mobile recharge	12%
Did not use digital payments	11%
Other services	8%
Taxi/transportation services	5%
Food delivery	3%
Restaurants	1%

Impact of the Coronavirus (COVID - 19) on digital payments in India as of April 2020, by type of purchase percentage



SUMMARY OF FACTS

Digital transactions have gained new heights in the month of March as India announced a lockdown due to coronavirus. The total value of Real Time Gross Settlement (RTGS) transactions also witnessed a spike by 34% during the same time, according to the latest Reserve Bank of India (RBI) data, The Indian Express reported. RTGS is the Digital transactions have gained new heights in the month of March as India announced a lockdown due to coronavirus. The total value of Real Time Gross Settlement (RTGS) transactions also witnessed a spike by 34% during the same time, according to the latest Reserve Bank of India (RBI) data, The Indian Express reported. RTGS is the biggest online payment method offered by the central bank and its total value rose to Rs 120.47 lakh crore in March 2020, as against Rs 89.90 lakh crore in February 2020. On the other hand, cash and cash based services reported a decline with ATM withdrawals and usage of various cards (debit, credit) witnessing a significant dip, as per newspaper report.

As India announced a lockdown on 23rd March which was preceded by a Janta Curfew, digital financial transactions reported a momentum on the third and fourth week of the month. Many multinational corporations and smaller companies had by then started giving their employees the option to work from home and other social distancing norms were also in place by then to control the spread of coronavirus.

While India witnessed a total volume of 552.26 crore digital transactions in March, a majority of these were reported in the third and fourth week. In the first week, these transactions stood at 107.78 crore, at 95.57 crore in the second week, and at 124.73 crore and 224.16 crore in the third and fourth week, respectively. The lockdown has been in place since 24th March and was extended from the earlier deadline of 14 April to 3 May

As per reports, the spending on utilities grew by 53% in March, as people were taking precautions and staying indoors. The spending on online groceries grew by as much as 18 per cent during mid-March as people started stocking up on essentials, according to Chief Executive Officer and Founder of Razorpay, as cited in the newspaper. Other transactions, such as for donation purposes, also witnessed a spike. .

CONCLUSION:

The momentum created in cashless transactions should be carried forward so as to attempt to convert Indian economy into a digital cashless and smart economy.

Payments must be encouraged and tax incentives be provided to the users of cash less transactions:

- a) It reduces physical contacts
- b) Helps in social distancing and prevents sudden spread of Covid – 19
- c) With less surge in Covid, health care overheads and burden on the government can be reduced.

FURTHER SCOPE OF RESEARCH AND STUDY

With major population in rural India who are not digitally literate, government should explore ways of reaching out to the masses and educate them regarding wage of cashless payment and contact less payments.

The application developers can further simplify the number of steps to transact and work to make these payments more secure and enhance the ease of use

Enable digital payments on Jan dhan accounts by making finger print reading system so that the large rural people in India can use digital method.

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