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IMPACT OF THE CORONAVIRUS PANDEMIC ON THE CONSUMER BEHAVIOUR TO USE DIGITAL PAYMENTS IN INDIA

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Abstract
Digital payments are mostly used for payment of utility bills, insurance premiums, and bills from the telecom company but are not widely accepted in many other places like restaurants, petrol pumps etc. The only place where digital payments have been widely accepted is mobile commerce. The adoption of digital payments has been slow due to a number of reasons like lack of technological advancement, absence of infrastructure, low awareness about its benefits among consumers etc but this situation has changed after the recent outbreak. After the pandemic ended, the cash crunch, doubling of smartphone penetration and the rise of Digital Payments made it easier for consumers to adopt Digital Payments. The current study deals with the impact of the pandemic on the consumer behaviour of India, by considering a sample of 116 users in Panjim City. The results of the study indicate that the users have started to use digital payments more frequently for making payments for the utilities, mobile bills, and shopping online. The labelling the pandemic as a 'national disaster' is considered as a major reason for many Indians to use digital payment methods. As per the study results, majority of the respondents think that the usage of digital payments will increase in India with time. The attitude toward digital payments has also become positive post-pandemic outbreak in India.

Keywords: Digital Payments, Pandemic, India, Consumer behaviour.

1. Introduction

The pandemic of severe acute respiratory syndrome, also known as SARS, and the coronavirus outbreak has significantly affected India. The outbreak had adverse effect on the country's economy by cutting down sales of essential goods that had a high inflow into the country economically. The World Health Organisation (WHO) and other agencies attributed a loss of over one billion dollars to this past year's outbreak of this death-bringing disease in Asia, Middle East, Africa and Europe.

As far as digital payment systems are concerned, the adoption of digital payments has not been widespread in India. However, the demand for this payment method has increased with the outbreak of SARS infection. The peer-to-peer (P2P) network has helped its adoption along with the proliferation of smartphones and their high penetration rate in India. The outbreak also provided a huge opportunity to pioneers of mobile commerce industry to test out their business models on a large scale and implement solutions that provide value-added services to customers with the help of internet connectivity. The P2P network which is attached to every smartphone allows consumers to make payments through virtual wallets on these smartphones as well as paying bills, petrol, etc.

There are several advantages of using digital payments. They are as follows:

a. They do not require the physical movement of cash, thus making it more secure.

b. Increase in the number of digital payments will improve the overall financial condition of the country because there will be a reduction in the probability of theft and loss of money by fraudsters that cause serious losses to financial institutions.

c. Most importantly, using digital payments will help in increasing the transparency in payment systems and also make it easier for consumers to understand where their money is being spent.

The current study deals with the impact of the pandemic on the consumer behaviour of India, by considering a sample of 116 users in Panjim City. The results of the study indicate that the consumers have started to use digital payment methods more frequently for making payments for utilities, mobile bills, and shopping online. The labelling the pandemic as a 'national disaster' is considered as a major reason for many Indians to use digital payment methods. As per the study results, majority of the respondents think that usage of digital payments will increase in India with time. The attitude toward digital payments has also become positive post-pandemic outbreak in India.

2. Literature review

The consumer behaviour is what most people tend to consider when looking at the way people use their money. Consumer behaviour refers to a set of practices and interactions that people have with goods and services in order to satisfy needs (Gibb, 2011). The consumer behaviour is mainly affected by the way people deal with

their money and make payments for their utilities, services, food, lodging etc. Consumer behaviour has gained significant importance over the past few years because of the rise in digital payments. The influence of these practices can be seen at the macro level particularly in countries which are huge importers and exporters of goods (Wodak& Glaser 2005).

According to Shakuntala (2009), before the advent of digital payments, people used to use cash as a mode of payment for everything from paying bills to buying groceries. In the rural areas, cash is still the most preferred mode of payment. The usage of cash has declined over the years because of increased awareness about digital payments and their benefits.

Khairnar (2020) in his study states that the digital payments have taken over cash and the change in payment modes has given rise to the usage of digital payments, particularly online. The increase in the number of mobile wallets and mobile payment solutions has also given rise to this practice.

Kumar (2009) states that the adoption of digital payments has increased over the years because of improved internet infrastructure, proliferation of smartphones and their high penetration rate in India. Digital payments have also been advocated by the government. The demonetization move by the government during November 2016 has also had a huge impact on increasing digital payments usage in India.

Joshi et.al. (2018) performed a study on the use of digital payment methods by people in Delhi and Panjim, in two different contexts. The study found out that the users were more likely to use mobile wallets when going shopping online but were more reluctant to use digital payment methods to make payments outside their homes.

A study conducted by Pavlidis (2017) revealed that the adoption of digital payments in Greece has been slow compared to other developed countries like the US, Canada, Germany and Japan. This can be attributed to the slow adoption of technology and digitization in Greece, which has resulted in a delay in adapting digital payments for making payments for utilities and services.

Kumar et al. (2017) state that digital payments have become a world phenomenon and several countries have adopted these payment methods. The economic growth of the countries that are using these payment methods is much higher compared to those that do not use digital payments. The increase in the number of users in India has been gradual and has resulted in a major jump during the demonetization drive. Kanwar (2016) states that the adoption of digital payments will result in a reduction in cash transactions, which will make it easier for people to keep track on money transfers between individuals and firms.

In a survey conducted by Dibyendu (2017), it was found that the adoption of mobile wallets has also led to a decline in the usage of cash by people. The ability of mobile wallets to be used on multiple devices has made them convenient and easy to use.

An article published by Hotalal et. al.(2018) states that digital payment methods have achieved a much wider reach than expected. The increased number of users will result in reducing the usage of cash and making the payment system more secure.

The views of people about digital payments have been changing over time. A study conducted by Hussain (2017) indicates that the views, perception and trust of people about digital payments have changed over time, particularly after the demonetization drive. The views of people were negative before the demonetization drive but became more positive post-demonetization.

The increasing usage of digital payment methods has resulted in an increase in the number of fraudulent transactions reported. This highlights the need for more secure payment systems (Nakamoto, 2016). The security mechanisms offered by various financial institutions are quite effective in protecting user data from getting hacked and misused.

Overall the literature suggests that the usage of digital payments has not been consistent in India and varied across states. The growth of the mobile payment sector is considered as one of the major factors for the increase in adoption (Saha 2017). There are not many studies on digital payment adoption after the pandemic has stopped. Users were forced to make digital payments during the pandemic and now that the pandemic has ended, people seem to have liked the idea of digital payments and have developed the habit of spending through digital payment systems.

3. Objectives of the study

a. To find out the number of people in the country, who have adopted and continue to use digital payments post demonetization and how many of them are using mobile wallets.

b. To find out if there is a change in digital payment methods used by people between before and post the pandemic.

c. To find out the factors that influence the adoption of digital payments after the pandemic has ended.

4. Hypothesis

H1: Factors like awareness, payment security, trust in the financial institutions, ease of use and cost effectiveness influence the adoption of digital payments.

5. Methodology:

Methodology was designed for the study to collect primary data.

a. A sample of 116 respondents was selected for the purpose of the study using convenience sampling. The respondents were chosen from Panjim City.

b. Design and validate a (minimum 5-point) questionnaire for ascertainment of

i. Awareness

ii. Payment Security

iii. Trust in the financial institutions.

iv. Ease of use

v. Cost Effectiveness.

c. Seek responses on a 5-point Likert scale

d. Conduct the survey

e. Summarize the responses

f. Apply regression analysis.

g. Analyse the results

The study was conducted across Panjim City.

Scheme formed for testing of hypotheses

a. Responses were collected under 6 sections:

a. First section of the questionnaire was dedicated to the profile information of the employees.

b. The other were dedicated to measure the following variables:

i. Awareness

ii. Payment Security

iii. Trust in the financial institutions.

iv. Ease of use

v. Cost Effectiveness.

b. For each of the sections an average/ scores were calculated.

c. Percentages to questions under a particular section of the questionnaire were averaged to get a single score for that section,

d. P-values were calculated, and the null hypotheses was checked for rejection or non-rejection.

Cronbach's alpha score for the questionnaire was calculated the results have been discussed in the next section of the paper.

Results:

Table 1. Questionnaire validity using Cronbach's alpha

Sr. No.	Section of the questionnaire	Number of Items	Cronbach's Alpha value
1	Awareness	8	0.832
2	Payment Security	7	0.831
3	Trust in the financial institutions.	8	0.736
4	Ease of use	10	0.772
5	Cost Effectiveness.	7	0.775

From the above table it can be seen that the values of Cronbach's Alpha are above 0.7. This shows that the scale items that have been included in the questionnaire are valid.

Table 2.

Correlations						
		Awareness	Payment Security	Trust in the financial institutions.	Ease of use	Cost Effectiveness.
Usage Behaviour	Pearson Correlation	.440**	.440**	.621**	.494**	.593**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000
	N	116	116	116	116	116

**. Correlation is significant at the 0.01 level (2-tailed).

The above table shows that there is a significant correlation between usage behaviour and Usage behaviour. Trust in the financial institutions has the maximum positive correlation significant at the 0.05 level, which is followed by cost effectiveness.

Table 3. Variables Entered/Removed[a]			
Model	Variables Entered	Variables Removed	Method
1	Cost Effectiveness., Payment Security, Ease of use, Trust in the financial institutions.[b]	.	Enter
a. Dependent Variable: Usage Behaviour			
b. Tolerance = .000 limit reached.			

Table 4. Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.724[a]	.525	.508	.92081
a. Predictors: (Constant), Cost Effectiveness., Payment Security, Ease of use, Trust in the financial institutions.				

Table 5. ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	103.885	4	25.971	30.631	.000[b]
	Residual	94.115	111	.848		
	Total	198.000	115			
a. Dependent Variable: Usage Behaviour						
b. Predictors: (Constant), Cost Effectiveness., Payment Security, Ease of use, Trust in the financial institutions.						

The model summary shows that the model is good fit and that the variables entered can predict more than 50% of the variance.

Conclusion

Factors like awareness, payment security, trust in the financial institutions, ease of use and cost effectiveness influence the adoption of digital payments. The use of digital payments will reduce the use of cash by people and will result in more secure money transactions for people. Digital payments should be used more for making purchases online so that there is a reduction in the usage of credit cards from foreign countries.

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