

## IMPACT OF COVID-19 PANDEMIC ON THE USE OF DIGITAL FINANCIAL SERVICES

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### ABSTRACT

The Covid-19 Pandemic that hit the entire world has brought about really drastic changes in the way the whole world was functioning. The global lockdowns, social distancing norms, declining economies have had far reaching and long-lasting effects on the way business was conducted everywhere. People were apprehensive about going out for business transactions, shopping or even buying daily rations as well as medicines due to the risk of the unknown enemy which was the corona virus. Shopping malls were closed for a long time, even smaller shops; departmental stores wore a deserted look everywhere one went. The governments around the world had imposed strict restrictions on travelling, number of people being present at a public place as well as social distancing norms. These were further intensified as many countries induced travel bans on goods and people from certain countries. Also, being vaccinated was compulsory for entry at public places in countries like India.

The phenomenon of digital financial services was already gaining traction all over the world at the turn of the last decade. The pandemic has contributed to increased usage of these services by various sections of the society as people preferred to remain safe at home while still wanting to transact business, buy and sell necessities, carry out banking and investment activities without actually having to go to any of these financial institutions and worry about the risk of being infected. This research paper tries to study the impact of the Covid-19 Pandemic on the usage of Digital financial services by people from all walks of life. It tries to establish that the use of these services has seen a big growth due to the pandemic enforced restrictions. For this purpose, a survey was conducted by the research person to gauge responses about the topic.

### INTRODUCTION

#### Meaning of Digital Financial Services

According to Itai Agur, Soledad Martinez Peria, and Celine Rochon, 'Digital financial services (DFS) are financial services (e.g., payments, remittances, and credit) accessed and delivered through digital channels, including via mobile devices.' These encompass established instruments (e.g., debit and credit cards) offered primarily by banks, as well as new solutions built on cloud computing, digital platforms, and distributed ledger technologies (DLT), spanning mobile payments, crypto-assets and peer-to-peer (P2P) applications. These new solutions are commonly referred to as **Fintech**.

Though originating initially in the Western countries, the Digital Financial Services have slowly started to become popular everywhere around the world. There are various reasons for that being the case. Some of them are as follows:

#### Advantages of Digital Financial Services or Fintech

##### 1. Ease of Transaction:

All the digital financial services are very convenient in usage. They do not require complex procedures, form fillings or paper documentation as is the case with traditional financial services that are prevalent since a long time now. This ease of use has made the digital financial services popular among the various demographics who conduct financial transactions.

##### 2. Less Time Consuming:

As the digital financial services are on digital platforms, the amount of time taken for the transaction is very less compared to the traditional means. For example, physical banking transaction process involves going to bank, standing in long queues awaiting one's turn and getting the work done. But for digital financial transactions, there is no such need. Hence, less time is consumed in these transactions.

##### 3. Less Physical Efforts Required:

As the whole process of digital financial services happens online without much physical participation on the part of buyer and seller, or the company and clients; less physical efforts are required for the same. Hence, any person having knowledge of how to operate the internet can use these services irrespective of his or her physical condition and ability.

#### **4. Less Chances of Physical Contact:**

During these pandemic times, social distancing is of utmost importance in order to prevent oneself from infection from the corona virus. As the digital platform is contact free, there is less to no chance of physical contact with anyone. Hence, the transactions are safer.

#### **5. Wider Scope and Choices:**

With the use of a digital platform, the digital financial services offer us a wide range of choices from all over the world for all types of financial transactions. For example, an investor in India can use Fintech to invest in foreign multinational companies through his De-mat account and online trading app.

#### **6. Safety of Transactions:**

As the whole digital platform follows many safety protocols and protections in order to avoid any kind of cheating or frauds, the use of digital financial services is increasingly becoming safer. Hence, more and more number of people has started using it on regular basis for all their financial transactions.

#### **7. Anytime Access:**

As most of the digital financial services are operational 24 X 7 and 7 days in a week; we can have access to our choice of financial service as per our time of convenience and leisure. Now there is no need to spend a full day for such work. Also, during times of urgency, such anytime accessibility is like a boon for the users.

#### **8. Cultivates the Habit Of Being Techno-savvy:**

As people across the world were compelled to embrace this digital financial services platform due to the stringent norms in place thanks to the Pandemic situation, they have started using those technologies which they were averse to till recently. This has certainly increased the number of people who are techno-savvy, especially in Asian Developing countries.

#### **9. Contributes towards Faster Economic Development:**

The volumes of digital transactions on daily, weekly, monthly or even yearly basis can easily surpass that of traditional methods. Hence, more and more amount of money is circulated in the economy globally. This surely fosters the economic development of all the countries taking part in providing such Fintech services.

#### **10. Increase in Customer Satisfaction Level:**

From the point of view of Financial Service Providing institutions, the digital platform gives them an opportunity to serve their customers better by prompt online responses, lower transaction times and convenience of operations. Hence, there is bound to be an increase in the customer satisfaction levels.

The onset of the pandemic completely changed the regular modes of financial transactions, thereby pressing the need for safer, smarter and faster ways of transacting financial business. Hence, this research paper attempted to find out the paradigm shift in mindset of people toward use of various digital financial services to cope up with these changing times. This and the advantages of using the digital platform have surely started a new era in financial inclusion in developing countries.

### **OBJECTIVES OF THE STUDY**

**This research paper tries to fulfill the following objectives:**

1. To find out if the impact of Covid-19 Pandemic on use of Digital Financial Services.
2. To determine whether there has been an increase in the usage of Fintech or Digital financial services post pandemic.
3. To find out if people find the use of digital financial services more convenient as compared to the traditional methods.
4. To find out whether respondents find the use of digital financial services to be safer than traditional platforms.

### **HYPOTHESIS OF THE STUDY**

**For the research topic, the following hypotheses were formulated:**

Hyp 1. There has been an increase in the number of people using the digital financial services post the pandemic.

Hyp 2. People find that the digital financial services are more convenient as compared to the traditional ones.

Hyp 3. More number of users find the digital financial services to be safer as compared to the traditional physical methods of financial transactions.

Hyp 4. There has been a considerable impact of the Global Covid-19 Pandemic on the use of Digital Financial Services.

### RESEARCH METHODOLOGY

For this research, the research person has first studied the various material already existing about the topic of digital financial services and its relation to the Global Covid-19 Pandemic. The report of International Monetary Foundation has also been referred for understanding the topic better and to determine the scope of further research on the topic.

In order to fulfill the objectives, some hypotheses were formulated. For the testing of these hypotheses, a questionnaire was circulated among respondents belonging to various sections of the society. A total of 96 respondents have responded to the same. The analysis of their response was carried out to check if the hypotheses are proved or not. For this, Pictorial Graphs and Pie Charts were used as analytical tools.

With the help of these analytical tools, the research person has formulated observations from the study and has arrived to some conclusions.

### OBSERVATIONS

The respondents were given a questionnaire to fill up. It contained the following questions

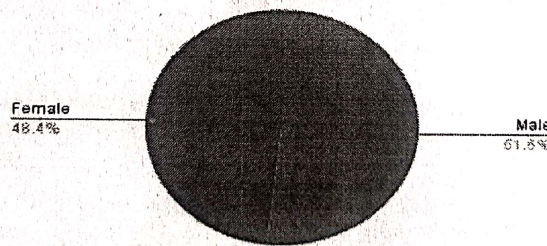
- Age
- Gender
- Occupation
- Qualification
- Do you use any of the below Digital Financial Services?
- How frequently did you use the digital financial services before the Covid-19 Pandemic?
- How often do you use the digital financial services since the Covid-19 Pandemic?
- Do you feel digital financial services are more convenient and user friendly as compared to traditional ones?
- Do you agree that use of digital financial services safer than traditional ones with respect to chances of infection?

#### Age of the Respondents

The respondents belonged to various age groups right from 18 to 30, 30 to 50 and above 50 years of age.

#### Gender

Count of Gender

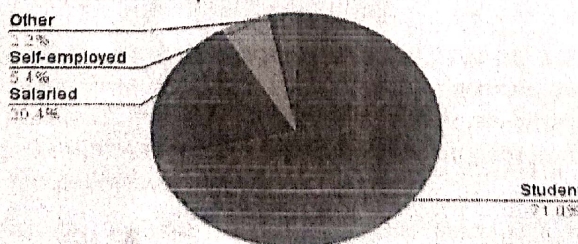


Source: Primary Data

As can be observed from the pie-chart, the number of male and female respondents is nearly the same. 51.6% respondents were male whereas 48.4% respondents were female.

#### Occupation

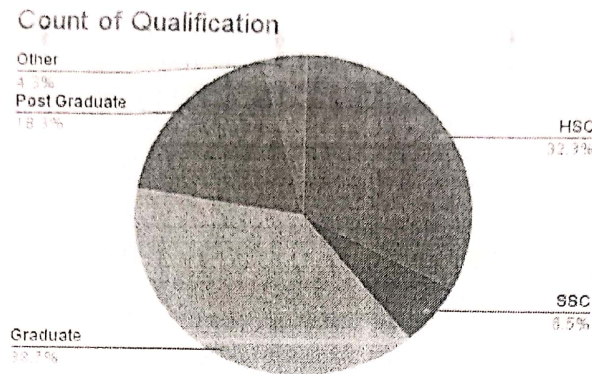
Count of Occupation



Source: Primary Data

71% respondents were students whereas 20.4% respondents were salaried persons, followed by 5.4% respondents who were engaged in their own business and profession.

**Qualification**

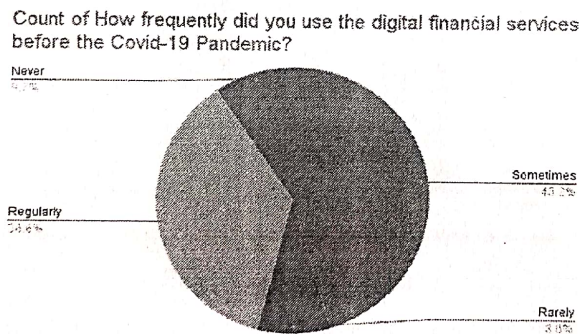


Source: Primary Data

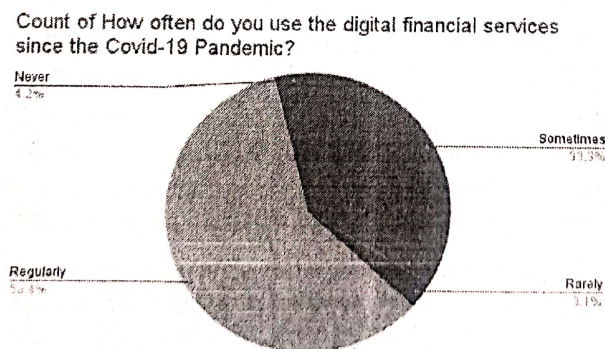
From the pie chart showing qualifications of the respondents, one can observe that the respondents belong to various level of qualification. Maximum number of respondents are graduates (38.7%), followed by HSC pass (32.3%). 18.3% respondents are post-graduates whereas 6.5% respondents are SSC pass.

**Testing of Hypothesis**

**Hypothesis 1: There has been an increase in the number of people using the digital financial services post the pandemic:**



Source: Primary Data



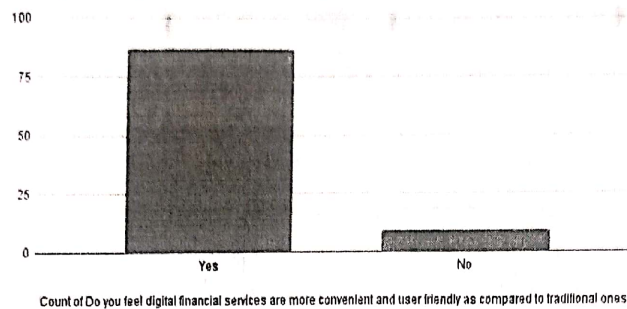
Source: Primary Data

The above pie-charts clearly indicate the increase in usage of digital financial services among the respondents. Prior to pandemic, only 36.6% respondents used the Digital financial services regularly, whereas this number has increased to 59.4% post the pandemic. Number of respondents who never use the services has come down from 9% to 4.2% post pandemic. Also, the number of respondents using the services sometimes or rarely has also gone down to almost half of pre-pandemic situation.

This proves the hypothesis 2 that the usage of digital financial services has increased due to Covid-19 Pandemic.

**Hypothesis 2:** People find that the digital financial services are more convenient as compared to the traditional ones.

Count of Do you feel digital financial services are more convenient and user friendly as compared to traditional ones?



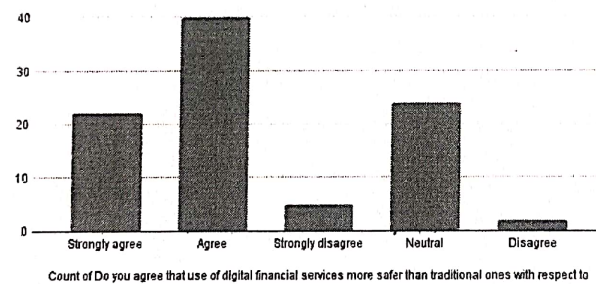
Source: Primary Data

The above bar graph clearly shows that most of the respondents (90.7%) feel that it is more convenient to use the digital financial services as compared to the traditional ones.

Hence, this proves hypothesis that Digital Financial services are more convenient and user friendly.

**Hypothesis 3**

Count of Do you agree that use of digital financial services more safer than traditional ones with respect to chances of infection?



Source: Primary Data

From the above graph, we can observe that more than 42% respondents agree and more than 22% respondents strongly agree to the statement that digital financial services are much safer to use with respect to chances of infection as compared to traditional methods of transactions.

Hence, the hypothesis is proved that digital financial services are safer to use.

**Hypothesis 4:**

The fact that hypothesis 2 and 3 have been proved to be correct implies that hypothesis 1 is also proved. This is because if there has been an increase in use of digital financial services post the Covid-19 Pandemic, and respondents feel that they much safer to use in terms of chances of infection, it clearly means that the Covid-19 pandemic has had a major impact on how people use the digital financial services.

The hypotheses being proved thus fulfill the objectives of this research paper as the picture has become clear as to where people stand today with respect to use of digital financial services and how much has the Global pandemic affected their stance.

**CONCLUSIONS**

1. The proof of all the hypotheses indicates that the financial service providers worldwide as well as the users of these services have to look towards the Digital Financial Services as a thing of present as well as future.
2. The young generations being techno savvy, has wholeheartedly being embracing this shift in financial transaction from traditional paperwork and files to online portals and accounts.
3. More and more users are putting their trust on the digital platforms.
4. People find the digital financial services a far more convenient and safer alternative to the brick and mortar financial institutions of the old.

## SUGGESTIONS

The research person would like to make following suggestions:

1. Governments from across the globe; especially developing and under-developed nations, need to promote the digital financial services among its citizens belonging to different strata of the society.
2. Students should be given information and education regarding Digital financial services as a part of their school curriculum to inculcate in them the idea that it is the future of financial transactions. Hence, they should be prepared for it from a young age.

## REFERENCES

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