



## Impact of consumer perception towards the usage of digital payment during Covid-19 Pandemic.

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### ABSTRACT

India is preeminent on the avenue of a digital revolution like the rest of the world. There are various heterogeneous elements arousing the consumer to use the digital payment such as a rise in disposable income, the introduction of new products and services, increase travel & expansion of the entertainment sector, and e-commerce has an affirmative impact and complementing the use of digital payment. Side by side there is sundry elements for the low rate of acceptance of digital payment, such as fees on digital platforms, anticipated lack of consumers' desire to pay digitally, and concern that history or recording of the transaction might increase the tax liability. The digitalization drive in payment methods since demonetization of 8, November, 2016 has made remarkable progress even in times of Covid-19 pandemic. The present study analyzed primary data collected from 113 respondents from Noida district of Uttar Pradesh to find out respondent's perception and the overall satisfaction, of digital payment methods even in times of Covid-19 pandemic. The Covid-19 pandemic has fast-tracked digital transformation of the economy and payments sector in India. Besides augmenting the broad-based use of technology, the pandemic has fuelled the proliferation of digital modes of payment, propelling the country towards digitalization and 'less-cash' alternatives, Therefore the focus of the present paper is to know the impact of covid-19 on the digital payment.

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### I. INTRODUCTION

The adoption of information technology has brought a transformation in the way of exchange and payment way. Exchange and payment that are the spine of "any economy, play an essential role in economic efficiency. The last decennary has validated consequential developments in this area of activity across the country. The innovation in financial products and services has provided the facility to transact digitally rather than grasping cash physically. More regularly and significantly consumers are adopting the technology-based innovation of the financial system to make the financial transactions quicker, simple, safe, sound, efficient, authorized, and affordable.

In the last 10 years the country and payment industry has been supported by technological innovations and development that help in the enhancement of various digital payment modes.

In the scenario COVID-19 pandemic, there has been a decline of 30% in digital payment sector as there was a sharp decline observed when lockdown was initiated due to the lockdown and impact on travel, hospitality and retail sectors. However, Government, regulators and financial institutions have pushed transaction via digital payments in such times by means of ;National electronic funds transfer (NEFT), Immediate payment service (IMPS), UPI, BHIM etc. so as to avoid usage of physical cash from hand to hand which has higher risk element of transmission of COVID-19. FSSAI (**Food Safety and Standards Authority of India**) has said cross-contamination from the currency is hazardous to human health leading to many situations such as food poisoning as well as skin, respiratory and gastrointestinal disease. On the spread of novel

coronavirus (COVID-19) infection, it is recommended to transaction through cards and associated electronic payment gateways as virus can spread through currency notes because notes changes hand frequently and pick all sorts of bacteria and infection. Hence it is better to switch mode of digital transaction for different varieties of shopping.

“The Covid-19 pandemic has fast-tracked digital transformation of the economy and payments sector in India. Besides augmenting the broad-based use of technology, the pandemic has fuelled the proliferation of digital modes of payment, propelling the country towards digitalization and ‘less-cash’ alternatives.” The digitalization drive in payment methods since demonetization of 8, November, 2016 has made remarkable progress even in times of Covid-19 pandemic. The present study analyzed primary data collected from 113 respondents from Noida district of Uttar Pradesh to find out respondent’s perception and the overall satisfaction, of digital payment methods even in times of Covid-19 pandemic. Frequency distribution and percentage analysis was used to analyze the responses. In order to find out respondent’s perception and the overall satisfaction, frequency analysis has been carried. The proposed work aims to understand the impact of Covid-19 behind the use of digital payment covering an area of Noida by the selected sample. The research work seeks to highlight the perception which play a vital role in the acceptance and non- acceptance of digital payment.

## **II. Literature review.**

**S. Durga Rao (2004), “Study of Bank Credit Cards”** studied and analysis comparing the marketing strategies of two commercial banks- Citi Bank and Andhra Bank. The study appraise the customer satisfaction with respect to their credit cards as well suggest necessary actions for advocate the credit card business by considering its benefits and scope in the business.

**Goyal, Anita (2006), “Consumer Perception towards the Purchase of Credit Cards,”** concentrates on analyzing how consumer consider and evaluate service product in core services, supplementing services and facilitating services in pre-purchase evaluation.

**Manik Jindal (2019), “A Study on Perception of Consumers towards Digital payment”** author studied that like every coin has two faces. Digital payment has its own pros and cons. Security and safety of transaction is a major issue for people. Secured and authorized transaction is major issue for effective payment system and for people, which is hindering the customer to be more inclined towards the digital payment. The government and banking institutions need to take strong steps to build better, safe and secure payment platform.

### **Product Innovations In The Digital Payments Space In India Include:**

- 1. QR Code:** QR Quick Response Code-based payments are gaining popularity because it can be used to pay for various utility bills; fuel, grocery, food, travel and several other services. QR Code can be scanned from both Paper and Screen both.
- 2. UPI:** Unique Payment Interface refers to be an instant payment system wherein the customer can scan a dynamic QR code generated or by the bank details, or by contact details on the POS screen using any mobile-based UPI app which may include contactless payment solutions as well.
- 3. Payment gateway:** Internet payment gateway enables merchants to accept payments through multiple payment channels via an e-commerce platform. This allows merchants to accept voluminous payments in a safe manner amid COVID-19 especially for online grocery, entertainment, food and other e-commerce merchants.
- 4. Contactless payments:** The Near Field Communication (NFC) feature, coupled with magnetic secure transmission (MST) technology, allows customers to pay via their contactless credit or debit cards or through a ‘Tap and Pay’ feature on a mobile application by tapping them on the PoS terminal.
- 5. Prepaid cards:** Prepaid cards can be recharged or redeemed by using them on terminals, to serve as meal cards, transit cards or any such payment modes with designated purposes.

### **The Objectives of the Study:**

1. To examine the influencing psychological factors behind the use of digital payment.
2. To study the consumer’s reason for using digital money over hard cash.
3. To identify the benefits and peril customers find in this alternative to cash.
4. To understand the problem and factors that are hampering the usage of digital payment.
5. To study the cognizance and proclivity of digital payment among the customer.
6. Identify the factors that lead to the favorable outcome of digital payment and the satisfaction level of consumers towards the usage of digital payment.
7. To assess the level of usage, spend, and awareness about features among the users.
8. To draw a conclusion and suggest various measures to further strengthen the use of digital payment.
9. To contribute suggestions in order to overcome the bottlenecking the path of the digital cash-less economy.
10. To analyze the scope and future trend of digital payment and cashless transaction.

### Hypothesis

H0; covid-19 has no impact on the usage of digital payment.

H1; Covid-19 has a positive impact on the usage of digital payment.

### III. Research Methodology

A researcher collected the primary data from first-hand sources by floating a structured questionnaire. A structured response format was adopted which is original in nature and it is specific and certain to a research problem under study.

The data that has been collected from a sample that is made up of an unbiased group of people. The opinions and the answers provided by the people provide the valuable information about the use of digital payment. Various unforeseen factors also come in between the research and it is required for the researcher to be dynamic to be able to collect verified and authentic data and not falsely represent any hypothetical results. Frequency analysis on the main factor under study, indicate overall satisfaction levels of respondents with digital payment mode. Collected data was processed and analyzed within the framework of drafted objectives. This is the precondition and important for study that ensures the researcher that we have all relevant data for the study. The collected data was organized under various understandable homogeneous groups that connect assigning frequency to answers so that response can be put into a limited number of categories for the purpose of convenient interpretation. Graphs and charts are prepared for analysis and interpretation of data.

### Data Analysis and Interpretation

**What is the Impact of covid -19 pandemic on usage of Digital payments?**

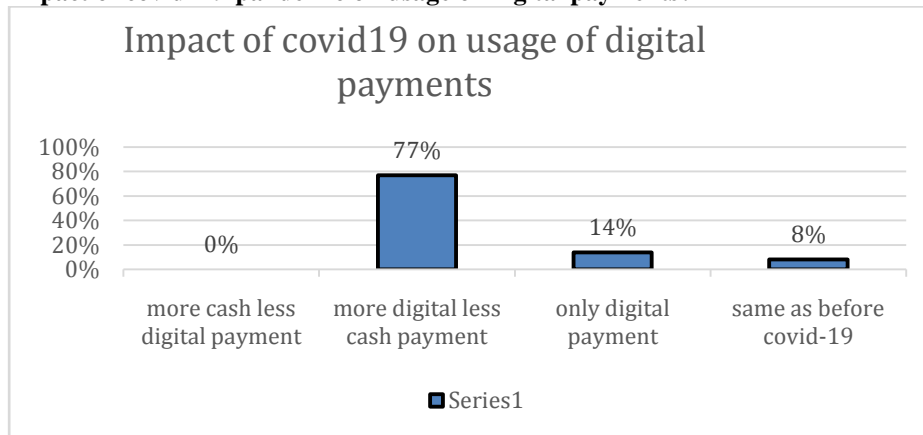


Fig:1 Impact of covid19 on usage of digital payments

According to the results of frequency distribution analysis on the impact of COVID-19 and its resultant lockdowns, a majority of 77% per cent respondents reported higher usage of digital payment methods than cash. The responses indicate a significant apprehension for cash payments, with a simultaneous transition to digital methods, primarily due to aspects of convenience, User-Friendly, safety, security, and fear of transmission of virus. While, some participants (14% per cent) have responded that they'd be willing to use digital only. Digital, no same as before cash payments COVID-19 payments exclusively. However, cash is still slated to be utilized possibly for small denomination transactions as well as at small scale vendors where possibly acceptance infrastructure is not present. Around 8 percentage of the participants were of the view that the digital payments usage would be same as pre COVID-19 levels.

**How likely are you to move back to cash payments post COVID-19?**

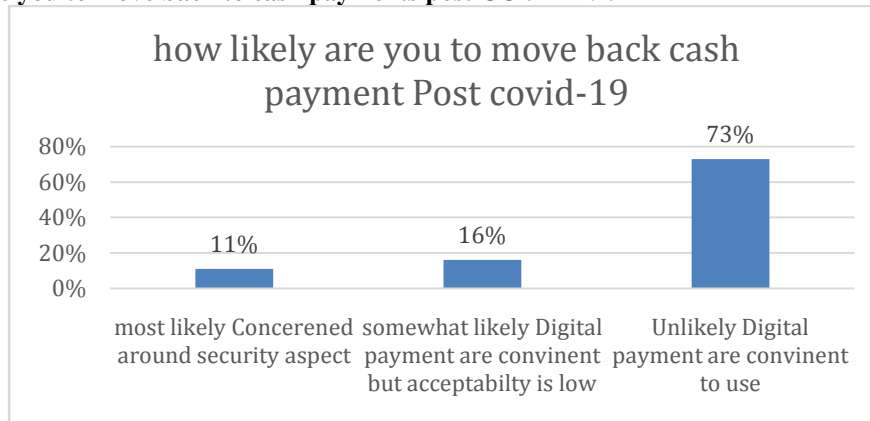


Fig:2 how likely are you to move back cash payment Post covid-19

According to the results of frequency distribution analysis on likeliness of move back cash payment and its resultant lockdowns, a majority of 73% per cent respondents reported that they are unlikely to move towards cash transaction post covid-19, where 16% of respondents are somewhat convenient but they found the acceptability of digital payment is low. 11% of users are concerned due to security aspect and they are most likely to move towards cash transaction.

**What according to you is the key limiting factor for adoption of digital payments?**

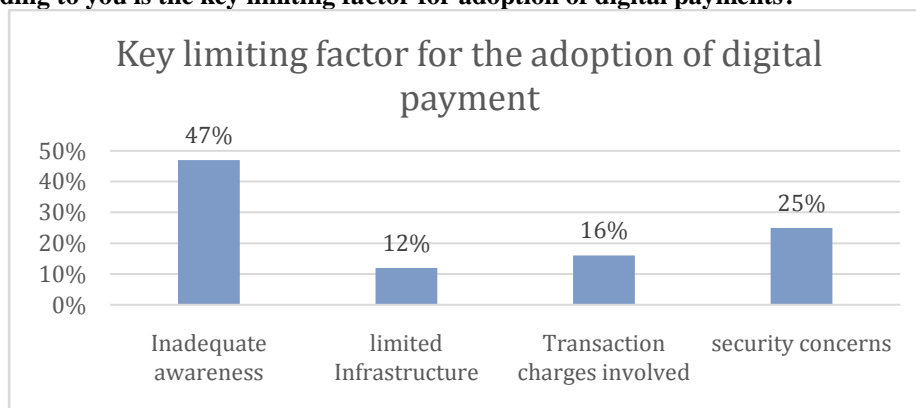


Fig: 3 Key limiting factor for the adoption of digital payment

According to the results of frequency distribution analysis on key limiting factors for the adoption of digital payment majority of 47% respondents provide the reason of inadequate awareness, 25% respondents block the use because of security concerns, where 16% respondents find the transaction charges as limiting factor and 12% respondents not satisfactory with the infrastructure.

**Frequency Analysis of Respondent’s Perception.**

Parameter	Agree	Moderate	Disagree
Digital payment is user-friendly and reliable	78	22	13
Emergency Blanket	82	19	12
It is essential for economy	66	29	18
It simplified record keeping.	72	28	13
Use of cash transmit the virus	83	25	5

Table:1 Frequency Analysis of Respondent’s Perception.

According to the frequency distribution analysis on user perception on various factor it has been found that 78 of respondents agree that Digital payment is user-friendly and reliable, where 82 of the respondents find

it the use of digital payment as emergency blanket, 66 of respondents find the use of digital payment is essential for economy and 72 of the respondents agree that it help them in simplification of record keeping and 83 respondents agree that use of cash in transaction transmit the virus.

#### **IV. Conclusion**

The pandemic of covid-19 has compelled individuals and financial institutions to re-evaluate their payment system and infrastructure so as to deploy consideration of disordering and better planning. The pandemic has put light on flaws of payment system where cash is majorly method of payment. Cashless system reduces the risk associated with paper money One most significant contribution of cashless payment system is that it lessen the risk of carrying cash in large amount. Since most transaction will now be digitally, people will have less requirement to move around with cash in their pocket and therefore, loss of cash, theft and robbery will drastically reduce. There is a requirement to educate and aware of the consumer about the differentiating factors of the Cashless Transaction System. It is true, there is some obstacle in applying the idea of a cashless economy in India. Where, maximum population is living under misery and poverty and unformed about the usage of digital payment, yet a beginning had to be made someday in some way. Today, there is change in the mindset of public regarding to digital means of payment, which is safe, easy, convenient, and transparent. Convenient, smooth, simple and secure payment process will help in behavioral change and adoption of digital payment and banking service among unbanked segment as well. When new payment players enter the market, each come with a little change on the market and this high competition help the environment and offer more options for consumers to choose the best for them from alternatives available in market. A larger pie with more players in the market great for changing the changing dynamics of the payments industry, which is still nascent in India. Cash is dirty and cash-less is healthier. Transaction in cash can prompt a huge risk for health and payment with cashless options is of crucial importance and going cashless is an attractive option which often seen as a protected course of action. Business and public who wish to make a more conclusive impact on the environment may wish to start accepting cards over cash due to its lower environmental footprint.

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