

# Digital Finance and impact of Covid-19

Sonu Pradhan

PhD SCHOLAR

Amity University, Raipur

## ABSTRACT:

The downward impact of COVID-19 on various fields e.g., human life, economy, social, business, education, trading system but especially on payment landscape has been profound and significant. Everywhere the quarantines, lockdown procedures where the greatest toll is likely to fall on those least able to bear it, with terrible damage to human development across finance was like a boon for trading for the world economy. Digital payments have the potential to expand inclusive access to financial services. The global COVID-19 health crisis and government responses, such as lockdowns restricting economic activities, increased the need for contactless financial products and services, accelerating the shift to digital finance in many economies. Governments used digital payments to reach vulnerable citizens and customers increasingly used phones and cards to pay merchants. Measures also included regulations to support adoption of digital financial services during COVID-19.

Increasingly, digital financing has been creating opportunities to expand access by reducing costs, increasing convenience and allowing consumers to transact remotely, using mobile devices which have been extremely important during the COVID-19 pandemic by addressing both opportunities and risks. Given that the digital infrastructure already exists, the COVID-19 outbreak will likely be the catalyst propelling an even faster adoption of activities relying on digital financial services. In the meantime, the intelligent, creative use of digital means offers much in the battle to alleviate the social, economic and some health consequences of the crisis.

## 1. INTRODUCTION

Over the last few decades, digitalisation played a vital role in lead the way of palpable development in multiple fields. It generates fresh opportunities, new avenues for entrepreneurship and promoted originality, creativity and innovative activities, and was universally adopted as a weapon or tool to confront economic turmoil and give a path for growth of melting down economy. The never before seen crises that appeared in the twenty-first century (especially the financial crisis in (2008) urged to use of digital finance in case of any

COVID time. The covid pandemic has resulted in extensive disruption in the economy which has turned down demand for various commodities (Sharpe et al., 2021). This health and finance catastrophe caused by the ebullient corona virus, the economic repercussion of the Covid-19 was unstoppable and manifold official jurisdiction treated and give a tag of “great isolation” (Ba & Bai, 2020). The unprecedented covid pandemic has brought in boundless ceasing in the economy that has turned down demand for goods and services, create obstacles on trading system (Sharpe et al., 2021). Now; we analysis the impact of the adoption of digital financial platform in reducing the current financial crisis(2019-2020). The elaboration of various electronic and computerised technologies has pitched in to a revolution effectively in all spheres. The increasing ultimatum for digitalisation, for the most part after the advent of the corona pandemic, as most of the organisations, institutions, establishments moderately sought to come up with certain means to accept the situation and adapt to the prevailing trend for survival, including work from home ,50%employess in roaster form, compromise with salary in various private institutions to face the exoneration of the current crucial affairs (COVID 19), that was characterised by social distancing and many activities attended ... etc. (Uzoma et al., 2020), (Wang et al., 2021)

The study is about to answer the following questions such are-

- How can the adoption of digital finance on the financial crises caused by the Covid pandemic give a positive sight towards economy??)
- Is there is any future application of digital finance for a longer period of time?
- How can digitalization minimise risk for customer interest?

As a consequence, the research aims to measure and analyse the impact of various mode of digital finance during **covid-19**.

## **2. LITERATURE REVIEW**

### **2.1 The conception of digital finance**

- The conceptualization of digital finance was allied to the concept of financial inclusion, creating opportunities and risk in digitalization, powering inclusive growth in economy...Etc. The primary objective of digital finance is to contribute to low poverty and proffer to the financial inclusion proposed of developing economies. More ever, Manufacturing, constructing and non-state economic development assist to better

exploit the raw technology innovation effect of digital finance. Many presidential and non-presidential institutions differentiated it in this manner that have sought to adopt several plan of actions like policies, schemes, projects, new applications to provide financial services through high-tech tools (mobile devices, the Internet) as per Africa and East Asia (Koh et al., 2018).hereafter, the literature starts with addressing the concept of digital finance and its urgency.

Digital finance, one media of cashless transactions that significantly promotes the green technology revolution and this invention holds even through consecutive hardinesstests. The encouragement effects are accredited to depletion in return on invested capital constraints, reforming the updated industrial assemblyand manufacturing development.

1. As per s. feng.etal. (2022) the development of Digital finance has a largeroptimise effect on environmental based technology upheaval innovated in small-scale like agro-processing enterprises. Digital technologies are being used to measure and track sustainability progress, optimize the use of resources, reduce greenhouse gas emissions, act as a parameter that promote green economy with overhead pollutant ejection intensity and make possible a more circular economy. Its innovation is spread in such areas where local government have powerful governance authority. Furthermore, the contribution of manufacturing and various economic development one step ahead impose on the green technology innovation out turn of digital finance. With the advancement of environmental dissemination, digital finance positively supports the green technology transformation , signifying particularly the decreasing line of environmental responsibility would be better attenuate the lack of parity between the supply and demand of investments that made on green innovation. On the contrary As the level of environmental decentralization extends, then digital finance explosively promotes green technology innovation.

2.Auer, R., G. Comelli, and J. Frost. (2020) found that there is a fan among public that corona virus is already spread all over the world in few span of time. It could be transmitted by breathing, touching, or various elements like cash but research based evidence suggested that the prospect of transmission via banknotes is low as compared to other elements such as credit card terminals, internet banking or UPI. Researchers found that the COVID crucial time bound us to minimize the use of cash and make it more and more of digital cash. The facility of digital finance or digital currencies should be implemented in Central Bank, State Bank all banks.

3..Consultative Group to Assist the Poor (CGAP).( 2015) Researcher study that digital finance can be a game changer for unnerved and underserved low income household as well as micro and small enterprises. Digital transactional platforms, retail agent and device are the three key components of a digital financial inclusion model. Researcher found that the need of digitalizing payments. He studied that the process of payment, transfers and remittances through e-form contributes to the G-20 objectives of wide scale economic growth.

4.. Pazarbasioglu, C., A. Garcia Mora, M. Uttamchandani, H. Natarajan, E. Feyen, and M. Saal. 2020. Here researchers define the role digital financial service, arise of opportunities through the use of digital financial services. In this paper he studied the risks, challenges by adopting the new model and products, introduction of various new policies and its impact on growth and development. Researchers discuss about DFS development and adoption requires concerted legal and regulatory reforms.

## 2.2 The dimensions of digital finance

As per to Gomber et al. (2017), Gomber's this research is about the development of digitalization of long-term application. in his research he found that various financial industry are eyewitness of evolution of digitalization. for expansion, long-term survival industry has make a connectivity with its internal and external user digitally that why industry has to develop various delivery services. Here he talk about Fin-tech companies, the innovator of various financial services that are characterized with digitalization. It can be used in various field like academia, non profit organization ,banking industry..Etc.

1. A.Ketter. (2017)His purpose for this research is to requirement of updating of financial services industry and applied on small and medium sized enterprises. Research said that SME is highly affect with the latest version of financial services, he found some hurdles in adoption of new trend that caused of delay in process. He found that public trust is the first priority for any changes if we minimize the risk provide high internet connectivity, 24\*7service, (timely response)then the establishment and implementation of digital finance can be a change of world economy.

2. A.Risman. (2021) His main aim for the study is to determine the relationship between risk factors and the stability in financial position. The introduction of ecommerce speedily used by every individual person or e-commerce is based on making any payment, receive any amount through various digital finance services with

internet facility. He found that there is both positive and negative impact of digitalization on financial system ability.

### **2.3 The concept of financial crises caused by the corona pandemic**

**1.** McKinsey Global Institute. 2016. "Digital Finance for All: Powering Inclusive Growth in Emerging Economies here researcher study that there are three element of digital finance. Such are digital infrastructure, dynamic and susustainable financial services market and product that people prefer to exist.

**2.** International Monetary Fund (IMF). 2020a. "Digital Solutions for Direct Cash Transfers in Emergencies In this study researcher found that digitalization work as a boon for direct cash transfers in emergencies. He studies the challenges in delivering cash transaction, establishment of digitalsolution, reaching intended beneficiaries and executing the cash transfers.

**3.** GSMA. 2020. "Mobile Money Recommendations to Central Banks in Response to COVID-19." Researcher present his study as per GSMA member and ho found that, in this pandemic, uniformity and support between the mobile money providers and regulators is paramount. As a result, GSMA members remain committed to engage in construction statement to ensure the sustainability of mobile money and to strength the resilience of mobile money users.

### **3. SIGNIFICANCE OF THE STUDY**

After computer age, the invention of digital finance turned the whole world completely with digital technology and creates a new era it's self. Digital finance has the prospect to transform the financial sector. In covid 19, where government decided for isolation, proper lockdown, restricted any commercial activities, increase the use of contactless service through social distance, money transaction made through mobile banking, internal banking or UPI instead of physical visit to the banks or ATM use. Use of Digital finance, the advance in digital finance is credible to more tenable and equitable and address the (different) circumstances facing associated with customer and provide it for their skill development, access the digital finance facility via mobile devices, where customers can see their account balance, making banking transactions with anyone, pay the various bills(gas bill, electricity bills ,TV recharge, mobile recharge..Etc).they can purchase anything from online market.

#### 4. SCOPE OF THE STUDY

- To understand that how did digital finance help us to survive during COVID period.
- -various SME have to adopt digital technology to stay in prevailing market.
- -to minimize customer risk, that can be increase the graph line of digital finance use.

#### 5. RESEARCH METHODOLOGY

The present study is a descriptive study.

##### 5.1 OBJECTIVE OF THE STUDY:

The study of the paper title “Digital finance and the impact during COVID-19” has been initiated to: achieve the following objectives-

- To know the problems face by people during covid-19
- To analyze the emergence of technology over traditional.
- To represent the overall development of economy through digital finance.
- -Learn about the dimensions of digital finance.
- -development in financial infrastructure proper education is very much necessary for manange the (imminent)economic (repercussions)
- To understand the perception of consumers with regards to usage of digital payments in COVID-19 pandamic.

##### 5.2 RESEARCH QUESTION

This research is structured with a few questions. Such questions are as follows

- Is there any impact of digital finance during covid 19?
- Is there any change in the graph of digital finance in the period of corona and post corona?
- Is financial infrastructure necessary to overcome the crisis?
- What are the dimensions of digital finance?

**5.3 SOURCES OF DATA**

This research i used secondary data. Data have been collected through RBI bulletin, NPCI report, various journals and articles to know the impact of various source of digital finance during covid and before pre covid period.

**5.3(a) overall mobile/internet banking transaction in india(2018-2021)**

year	Volume(in lakhs)	Changes (changes/previous year*100)	Value (in crore).	Changes (changes/previous year*100)
2021	44750	97.02%	1344959	68%
2020	22713	81%	796402	49%
2019	12525	137%	532731	124%
2018	5270	100%	236900	100%

**(Sources-RBI Bulletin2021) (Table.1.1)**

The internet banking transaction in india in the year of 2021 is 44750lakhs which is 97.02%more than the year of 2020(22713lakhs).where 2020 is the top mesirable situation all over the world during COVID-19 where there is no mobilisation of money directly at that point internet banking the source of didital financeraise upto 22713lakhs that is almost 81% more than 2019. In pre corona timr(2018-2019)internet banking is incresed by 295831cr.(2019)than the2018.it indicates that the volume of internet banking is mostly adopted by people .

**5.3(b).overall UPI(unified payment interface) in india**

UPI, the major mode of digital payment, sees sharp rise in transaction volume and value.

year	Volume in million
April2022	5583.05
April2021	2641.06
April2020	999.57
April2019	781.79
April2018	539.15

**(Table- 1.2)**

Where UPI recorded 5.6billion in april2022 and 5.4billion in march2022.the march2022 upi recorded an unprecedented growth of 540cr.transactios worth INR9.60lakhs in march2022 that is 19.6%higher than the feb2022.

UPI source (in april 2022)	Volume in crore
phone pay	47.14 lakh
Google pay	3.39lakh
Pay tm	95650
Amazon pay	6895
Whatsapp	240

(Table- 1.3)

Figure 1.3 shows that phone pay lead the UPI during april2022 with a value of 47.14lakh crore where Google pay in second rank with a turnover of 3.39lakh crore later on Paytm has secured the 3<sup>rd</sup> rank with its volume of 95,650crore where Amazon pay and Whatsapp are respectively secured 4<sup>th</sup> and 5<sup>th</sup> position with 6895crore and 240crore.

**5.3(c) Credit cards/debit cards**

Items	Volume(lakhs)			Value(in crore)		
	2018-2019	2019-2020	2020-2021	2018-2019	2019-2020	2020-2021
credit cards	17,626	21,773	17,641	6,03,413	7,30,895	6,30,414
Debit cards	44,143	50,611	40,200	5,93,475	7,03,920	6,62,667

(Source RBI annual report2020\*2021)(Table -1.4)

Table 1.4 shows the mobilisation of cash through credit cards and debit cards from 2018 to 2021.it is clear from the above table that there is a slight fall-down in debit card of 18.97% in credit card and 20.57% during corona (2020-2021) as compared to pre-corona period because most of the people prefer internet banking orUPI than cards..



Usage of both credit cards and debit cards had improved in 2021. With offline digital payments now also being worked upon, it is expected that there would be a further boost in digital payments especially in semi-urban and rural areas where Internet connectivity and smart phone usage is still low.

## 6. FINDING OF THE STUDY

- Covid -19 has direct impact on various financial industries whether it is large scale or SME firms.
- The economy which was decking due to the adoption of digital finance started growing.
- As per micro level, digital finance may be able to address some emerging challenges.

## 7. SUGGESTIONS

- All banks should provide the facility of digital finance.
- The use of digital finance is associated with various risk and chances of failed transactions or any system errors that would affect the consumer's trust and interest.
- There should be protection of consumer's trust and interest.
- Providing all the information to the customer about how to use the digital finance devices and being aware about related risks.
- How we can involve the below poverty people in digitalization process.

## 8. CONCLUSION

As per the NPCI report (National payments Corporation of India's report) digital payment sector witness) a fall of ~30% in the transaction value during Covid 19, When the strict lockdown were initiated)

But slowly, when the situation started changing, the government should be able to salt the Lockdown. Digital finance is quickly response by people and many households and firms also rapidly access online payments and financing for their business transaction. GregoryChen, the policy leader at Consultative Group to Assist the Poor (CGAP) said that various countries and market were already adopted in digital finance since.2014.Therefore digitalization of finance were better placed to respond to the corona both health and financial crisis. As per the financial authority report Corona has had a great impact on consumer's payment habit. It was seen that there is an increase in digital transaction.

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