# Impact of Covid-19 On Digital Payment and Customer Satisfaction

Dr. Vandana Sachdeva, Ms. Ankita Sharma

## Abstract

Digital banking provides the cashless economy. Digitalization of transactions has made the process more transparent and accountable. The digital payments include mobile banking, POS debit and credit cards and net banking. Mobile wallets are virtual wallets on mobile phone. The digital money is transferred with using e banking instruments. In 2020, Corona virus epidemic originated in China and from there it travelled to all the other parts of the world. The first case of Corona was reported in India on 30th Jan, 2020. On 24th March, Prime Minister Modi announced nationwide lockdown. Due to risk of transmission of corona virus through physical currency, people again moved to digital transactions.

The primary objective of this research paper is to determine relationship in digital payment and its influence on customer satisfaction who are availing digital payment services. To determine the impact of Covid -19 in this research paper, customer satisfaction is a dependent variable whereas digital banking which include ATMs, various option of online banking. For this quantitative study, the primary data has been collected from customers those were using digital banking services for their transactions. The collected responses were coded using spread sheet and descriptive analysis has been done using IBM SPSS 22. Findings of study shows that Covid-19 has a significant impact on increased usage of digital banking among customers and it has been observed that customer satisfaction will be increased significantly. As per RBI report the banks should adopt and provide awareness programme about digital banking services to decrease the operating cost and cybercrime for their customers.

**Keywords**: Cashless transactions, Covid -19, Pandemic, Digital Payment, Point of sale, Customer Satisfaction

## Introduction

This study relates to the trend in digital banking and is based on impact of major factors as Pandemic – Covid 19. The report from KPMG India described that "Incentivizing merchants, retailers and consumers through lower taxation, special incentive schemes to shift to digital payment transactions will be one of the key policy recommendation for the banks." Thus, it can be observed that the preference towards digital payment has been increased. In 2020, there was a country wide lockdown due to Corona virus attack. Corona virus has brought both human and economic suffering. Banking services comes under essential services so India's Central Bank took a decision to operate with minimum capacity. It had to

safeguard thousands of employees and at the same time keeps the economy running. All banks in India were providing at least four services to its customer's cash deposits and withdrawals, cheque clearances, government transactions, utility bill payments and remittances. The primary data from HDFC bank customers which is one of the largest private sector bank in India has been collected. Covid -19 again diverted the customers towards digital payment. The cashless transaction has reduced the cost for banks. HDFC bank operates in a highly automated environment in terms of ICT.

## Review of Literature

Pranjali A. Shendge, Bhushan G. Shelar Smitaraja S. Kapase (2017) described in their research paper on "Impact and Importance of Cashless Transaction in India" that is published in the International Journal of Current Trends in Engineering & Research .According to the study, a cashless policy in India will help in reducing cash-related corruption and engage more foreign investors in the country. Its impact can help in leading towards modernization of payment system. They explained the ever-changing customer requirement with the demands of business leaders towards the evolution of payment options in changing era. It has been found that innovation in the digital field is a continuous process needed for the customer adoption of new developments in banking.

Report on "Impact of the Covid-19 Outbreak on Digital Payments" by PWC India – May 2020, The report released in May, 2020 suggested some major points as increase of digital fund transfer, during Covid 19 reduce usage of ATMs for cash withdrawals, adaptation of digital platform for payment of bills. Report also focused on changes required in consumer behaviour along with customer satisfaction towards digital banking.

## Research Questions

1. Is there effect found of Covid-19 on usages frequency of digital payment among customer?

2. Does digital payment provide an impact on customer satisfaction?

3. Whether digital payment gives an impact to improve the efficiency of the banking service?

## Objectives:

1. To study the digital payment services offered by private sector bank

2. To examine the relationship in digital payment services during Covid-19 with customer satisfaction

3. To access the advantages of cashless transactions for customers

4. To examine the level of customer satisfaction on the basis of digital payment services, during Covid -19 period.

## Hypothesis

**H0:** There is no significant relationship between usages pattern of digital payment during Covid 19 and customer satisfaction.

**Ha:** There is a significant relationship between usages pattern of digital payment during Covid 19 and customer satisfaction.

**Research Methodology:**

Research Design: Exploratory and Descriptive

Data Collection: Primary Data of 191 Customers of HDFC Bank

Secondary Data : Journals, Research Papers, Reports   Sample Area :Jaipur
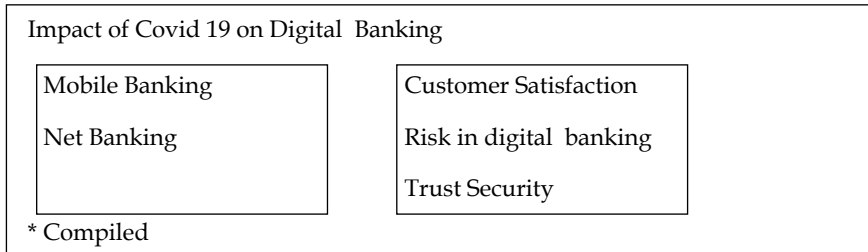
Sample size: 191 Customers of HDFC Bank

Sampling Technique: Random Sampling

Variables: Dependent Variable – Customer Satisfaction

Independent Variable: Digital Payment services during Covid-19

Conceptual Framework

| Impact of Covid 19 on Digital Banking | |
|---|---|
| Mobile Banking<br><br>Net Banking | Customer Satisfaction<br><br>Risk in digital banking<br><br>Trust Security |

* Compiled

**Descriptive Analysis**

Percentage analysis on the basis of Demographic profile of selected respondents

**Table 1: Gender**

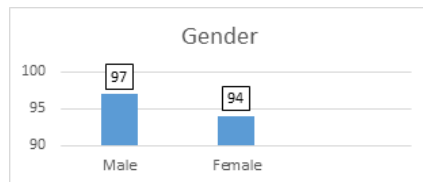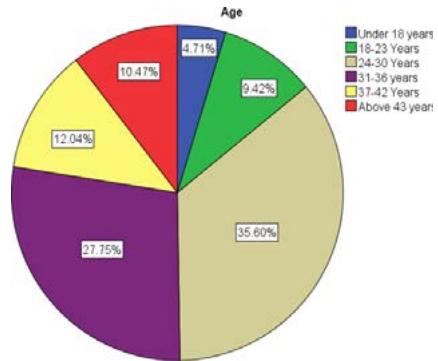| | | Frequency | Percent |
|---|---|---|---|
| Valid | Male | 97 | 50.8 |
| | Female | 94 | 49.2 |
| | Total | 191 | 100.0 |



**Figure 1**

Source : Primary data & SPSS

**Inference: Gender table and chart depicts that 50.8**% (n=97) respondents are males and 49.2% (n=94) respondents are females.

**Table 2: Age**

|  | Frequency | Percent |
|---|---|---|
| <18 | 9 | 4.7 |
| 18-23 | 18 | 9.4 |
| 24-30 | 68 | 35.6 |
| 31-36 | 53 | 27.7 |
| 37-42 | 23 | 12 |
| >43 | 20 | 10.5 |
| Total | 191 | 100 |

Source : Primary data & SPSS



**Figure 2**

**Inference:** Age table and chart described that maximum respondents are in the age of 24-30 years with 35.6% (n=68), 53 respondents (27.7%) are in 31-36 years whereas 12.0% are in the range of 37-42 years and 10.5% respondents are above 43 years.

**Table 3: Marital Status of Respondents**

|  | Frequency | Percent |
|---|---|---|
| Single | 65 | 34 |
| Married | 119 | 62.3 |
| Divorce | 7 | 3.7 |
| Total | 191 | 100 |
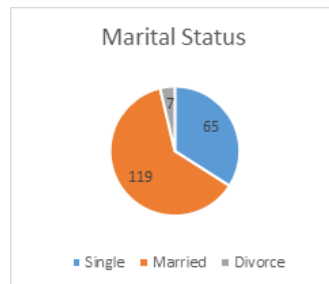
Source :Primary data & Spss



**Figure 3**

**Inference:** The above table and chart described that 62.3%, (n=119) respondents are married , 34.0%, (n=65) are single whereas 3.7% (n=7) responders are of divorce status.

**Table 4: Tabular and Graphical representation of Monthly Income**

|  | Frequency | Percent |
|---|---|---|
| below 1 lac | 52 | 27.2 |
| 1 lac -3 lac | 80 | 41.9 |
| 3 lac - 5 lac | 30 | 15.7 |
| 5 lac to 8 lac | 19 | 9.9 |
| Above 8 lac | 10 | 5.2 |
| Total | 191 | 100 |
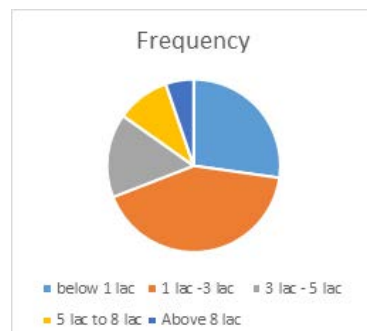
Source: Primary data & SPSS



**Figure 4**

**Inference:** The above chart and table shows that highest percentage are 41.9% (n=80) with income between 1 lac – 3 lac, 27.2 % (n=52) respondents have income below 1, whereas 30 respondents have their income between 3 lac -5 lac and only 5.2% (n=10) respondents have above 8 lac income.

### Table 5: Qualification

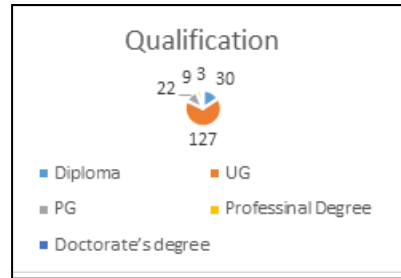| | Frequency | Percent |
|---|---|---|
| Diploma | 30 | 15.7 |
| UG | 127 | 66.5 |
| PG | 22 | 11.5 |
| Professional | 9 | 4.7 |
| Doctorate | 3 | 1.6 |
| Total | 191 | 100 |



**Figure 5**

Source: Primary data & SPSS

**Inference:** The above table and chart described that **127** respondents have UG degree and 30 are diploma qualification. whereas 22 respondents have PG degree, and only 9 respondents are with professional degree

The table 6. depicts descriptive statistical score of mean, median, standard deviation, minimum and maximum of digital payment on the basis of responses. In table out of 11 statements, it has been found that customer responses on mobile banking statements highest std. deviation are (M=3.26, SD=1.331), digital banking is cost saving shows scores  of (M=3.99, SD=.855),  24/7  services given to the customers (M=3.86, SD=1.111), customers  trust in digital banking services and  devices statement scores are  (M=3.62, SD=.976), responses of customers on agree to continue usage of online payment in future  shows (M=3.80, SD=.897) whereas digital banking is more and reduce cost statement shows value as (M=4.01, .926).

The table 7. contains descriptive details of dependent variable as customer satisfaction with its    Mean, Median, Std. Deviation, Minimum and Maximum in 6 statements. The highest Std. Deviation is (M=3.24, SD=1.202) shows that the bank have adequate number of ATM machines.  During Covid 19 Customer are satisfied with the online banking services with scores (M=3.65 ,SD=.933. Customers preferred using digital -banking instead of visiting branch for making transactions. Whereas customers were satisfied with the bank, and banks were able to give solutions of customer query quickly and  effectively. (M=3.52, SD.972). The mean score described that customer accepted that digital payment is easy and safe  than visiting the branches, (M=3.94, SD=1.009 it has been observed from table that the highest Mean is (3.94) of customer agree and prefer digital banking rather than visit bank branches and the lowest Mean is (3.24).

## Table 6: Tabular Representation of Digital Payment

| S. No. | Statements | N | Mean | Median | Std. Deviation | Minimum | Maximum |
|---|---|---|---|---|---|---|---|
| 1 | Do you aware of usages of digital banking. | | 4.08 | 4.00 | .940 | 1 | 5 |
| 2 | Does digital -banking safe and easy in use. | | 4.03 | 4.00 | .760 | 1 | 5 |
| 3 | All kinds of digital banking transactions is safe | | 3.69 | 4.00 | .903 | 1 | 5 |
| 4 | Digital -banking is cost saving option. | | 3.99 | 4.00 | .855 | 1 | 5 |
| 5 | Customers can quickly complete their transactions using e banking. | | 4.01 | 4.00 | .926 | 1 | 5 |
| 6 | Digital -banking provide 24/7 Services. | | 3.86 | 4.00 | 1.111 | 1 | 5 |
| 7 | mobile banking puts some risk on data privacy during transactions | 191 | 3.26 | 3.00 | 1.331 | 1 | 5 |
| 8 | I trust on pos and mobile banking. | | 3.62 | 4.00 | .976 | 1 | 5 |
| 9 | I will continue to use digital -banking in the future | | 3.80 | 4.00 | .897 | 1 | 5 |
| 10 | Digital banking has improved the controlling bank account after Covid 19 | | 3.61 | 4.00 | .977 | 1 | 5 |
| 11 | Covid 19 and e banking has reduced contacts with bank employees | | 3.54 | 4.00 | .993 | 1 | 5 |

Source: Primary data & SPSS

**Table 7: Tabular representation about Customer Satisfaction**

| S. No. | Statements | N | Missing | Mean | Median | Std. Deviation | Minimum | Maximum |
|---|---|---|---|---|---|---|---|---|
| 1 | During Covid -19 state you are satisfy with on-line banking services. | | | 3.65 | 4.00 | .933 | 1 | 5 |
| 2 | There is adequate number of ATM found in lock down 2020. | | | 3.24 | 3.00 | 1.202 | 1 | 5 |
| 3 | I am satisfied with the services of mobile banking during Covid -19. | | | 3.43 | 4.00 | 1.073 | 1 | 5 |
| 4 | In lock down 2020, you prefer digital -banking rather than to visit banks personally | 191 | 0 | 3.94 | 4.00 | 1.009 | 1 | 5 |
| 5 | Prompt and effective responses of your query have been provided by bank. | | | 3.52 | 4.00 | .972 | 1 | 5 |
| 6 | In time customer support provided by bank during Covid-19. | | | 3.57 | 4.00 | 1.002 | 1 | 5 |

Source: Primary data & spss

**Hypothesis Testing**

| (HDFC Bank) Correlation Analysis | | | | |
|---|---|---|---|---|
| | | Customer Satisfaction | Degree of Correlation | Null Hypothesis Accept/Reject |
| Digital Payment Services | Pearson Correlation | .588 | Moderate degree of Correlation | Reject |
| | Sig. (2-tailed) | .000 | | |
| | N | 191 | | |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

**Source:** Primary data and SPSS 22

## Findings

It has been analysed that digital payment  (Mean=4.08) hsa significant effect on customer satisfaction. Customers are aware of usages of digital banking as it will help to reduce time and cost for doing transactions. In the above table of correlation analysis it was exhibited that, digital payment services of HDFC Bank were found to have a positive impact with customers satisfaction, followed by the moderate degree of correlation between Digital payment services with customer satisfaction (r = 0.588, sig. value = .000). It has been analysed that P value was less than 0.05, null hypothesis has been rejected, which shows that there is a significant relationship between digital payment services and customer satisfaction of HDFC bank's selected respondents, which is significant.

## Conclusion

Digital payments make transactions easier before Covid 19 also. Covid-19 impacted an increase in usages of digital payment among customers because it decreased their visits to branches. It was found that during Covid -19  digital payment had significant impact on  improvement of Customer Satisfaction. Ha has been accepted and it shows a significant relationship between digital payment in Covid -19 and customer satisfaction. During Covid times from January 2020 onwards customers were more diverted to digital transactions as lockdown forced them to stay indoors. It was seen that all the banking transactions as NEFT, RTGS and mobile banking increased after Covid-19.

## Limitations

- The sample size chosen is 191, which is very less in number, for more accurate results larger sample size needs to be chosen.
- The sample is taken from selected private bank of Jaipur.
- There was a limited time for the research to be conducted

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