



IMPACT OF COVID-19 ON CONSUMER PURCHASING BEHAVIOUR TOWARDS ONLINE PAYMENT SYSTEM IN INDIA

Prof. Dhruvin Kumar Chauhan¹, Abhishek Anand², Kareena Pitroda³

1. Assistant Professor, Parul Institute of Management & Research (MBA), Parul University, Vadodara 391760, India

2. Student, PIET (MBA), Parul University, Vadodara 391760, India

3. Student, PIET (MBA), Parul University, Vadodara 391760, India

ABSTRACT

With the increasing penetration of the internet, online payment has become ubiquitous with payments and deliveries made easy. Moreover, owing to COVID-19, online payment has become even more attractive, considering the restricted circumstances. This study investigates the possible correlation of COVID-19 to consumer purchasing behaviours of online payment users in India with a specific focus on understanding consumer adaptations to the related restrictions. This study examines extant literature and primary data of the customers who are using online payment systems in India. The largest consumer daily needs purchases to show how the pandemic may have encouraged Indian consumers to embrace technology, as hinted by the surge in online purchases. Some markets have found it difficult to adapt to online shopping, despite the pandemic negatively affecting business and sales worldwide. However, many are adapting via innovation and investment. Overall, COVID-19 may have caused Indian consumers to embrace adapt this technology and adapt their lifestyles to the restricted circumstances.

Keywords: COVID-19, Consumer Behaviour, Online payment, Pandemic, Online Purchase, Quarantine, Lockdown.

1.0 Introduction

The Online payment system in India.

The digital India program with its objective of transforming India into a digitally empowered society and knowledge economy led to the emergence and growth of various modes of Digital Payments like banking cards, Unstructured Supplementary Service Data (USSD), Aadhaar Enabled Payment Systems (AEPS), Unified Payment Interface (UPI), Mobile Wallets, Banks Prepaid Cards, Point of Sale, Internet Banking, Mobile Banking, and Micro ATMs. (Cashless India, n.d.)

a) Banking Cards: Banking cards include debit, credit, cash, travel, and various other types, which offer customers more security, convenience, and control than any other payment method. These wide varieties of cards like RuPay, Visa, and Master Cards offer enormous flexibility in digital payment modes. With the added security of PIN and OTP, these cards provide customers the ease of transaction. In India, around 750 banks provide services related to banking cards.

B) USSD: The innovative *99# works on Unstructured Supplementary Service Data Channel. This service can be availed by even basic feature mobile phones without Internet thus enabling the inclusion of underbanked society in the mainstream banking services. Customers can dial *99# on their mobile phones and transact through an interactive menu displayed on the mobile screen. USSD provides services like interbank account-to-account fund transfer, balance

* Corresponding author. Tel.: +0-000-000-0000 ; fax: +0-000-000-0000.

E-mail address: author@institute.xxx

inquiry, mini statement beside a host of other services. Presently USSD services are provided by 51 leading banks and all GSM service providers and can be accessed in 12 different languages. C) AEPS: It is a bank-led model, which allows online interoperable financial transactions at PoS and Micro ATMs using Aadhaar authentication. AEPS offers services like balance inquiry, cash withdrawal, cash deposits, Aadhaar to Aadhaar fund transfer, and payment transactions. D) UPI: It is a single platform that merges various banking facilities, seamless fund routing, and merchant payments under one umbrella. It also facilitates Peer-to-Peer fund transfers. It is required that the mobile phone number is linked with the bank account. Each bank provides its own UPI app for various mobile platforms like android, IOS, and Windows. This facility can be availed only with a smartphone having Internet access. The fund transfer limit is set to be one lakh rupees per transaction. E) Mobile Wallets: Mobile phone acts as a wallet and provides an easier way to carry cash in digital format. A customer's bank account is required to be linked with the digital wallets to load money in them. Mobile wallets allow a customer to make payments with a mobile phone, tablet, or smartwatch. Paytm, Mobikwik, Airtel Money, Jio Money, etc. Are some examples of Mobile wallets. F) Point of Sale: PoS is the time and place where the customer executes the payment for goods and services. A handheld device with a card and/ or biometric reader is used for PoS transactions. G) Internet Banking or Online Banking: It is an electronic payment system provided through a financial institution's website that enables its customers to undertake a myriad of financial transactions. Internet banking provides different services like National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS), Electronic Clearing System (ECS), and Immediate Payment Service (IMPS). H) Mobile Banking: It is a service provided by banks to its customers to avail various banking services remotely using a mobile device like mobile phones or tablets. The banks provide various customized mobile applications for this purpose. I) Micro ATMs: It is a device used by a million Business Correspondents to deliver basic banking services. These are a mini version of ATMs. This machine contains a card swipe facility or fingerprint scanner. These machines are carried by bank representatives and used at remote locations. Bank representatives have the responsibility for collecting and disbursing the cash through micro ATM transactions.

Covid-19 Pandemic

In the 75-years of history, the global health crisis is faced by humanity with the COVID-19 pandemic. At extreme levels, this pandemic is killing, making humans suffer, and upsetting the lives of people. This pandemic is more than a simple health crisis. It is considered a human crisis. Societies are attacked by this crisis at a core level. The mortality rate is extremely high in this disease. More than 210 countries, as well as regions, are occupied by the unbearable influences of this pandemic which resulted in the widest pandemic in the whole world. On January 30, 2020, WHO announced public health emergency as it is an international crisis. WHO also asked all the countries to collaborate and support in rapid prevention from the spread of COVID-19 for the response to this critical situation happened all over the world? COVID-19 is declared as a pandemic by WHO on March 11, 2020. Because of the pandemic, it was suggested to the whole world by all the medical agencies, especially by WHO to maintain a safe distance and wear masks to kill the contamination. To stop the pandemic, governments of nearly all the countries effectively implemented lockdown in their respective countries. All the people around the world were restrained in their houses and in addition, their respective workplaces were shut down. Moreover, havoc in the business market and made the whole business community unstable. Even after the all the business places were asked to close and were advised not to do business until the next announcement. This was the first time when all the types of businesses were globally asked to shut down for an indefinite period. It caused pandemic, when the businesses were allowed to re-open, they were only permitted to use their partial force to operate. Governments first allowed the e-commerce business sector to open as they had the minimum person-to-person contact and was easy to avoid any type of gathering. This reduced the chances of spreading the pandemic. Even to date, workers need to maintain the social distancing policy at their respective workplaces. This social distancing and other impacts caused because of the pandemic have changed the buyers' perspective to purchase things. But before understanding the present market, it is important to study the former market (i.e. before the pandemic) and buyers' purchasing strategies at that time for understanding the difference among both periods.

Purchase Intention

During the time of the pandemic, it was never in history possible to communicate as quickly as it is possible today. For transmission of information, social media platform is the significant piece. Moreover, there are numerous benefits and limitations which must be also considered. For the very first time in history, this tool is responsibly used in new scientific researches, for quick transfer of important information, for sharing diagnostics and treatment as well as for different approaches worldwide by not considering any geographical boundaries.

However, there are various reasons which make online shopping a major concern because of customer support services and delay in product delivery sometimes. Corona This disease has infected more than 4lakh people worldwide as per the present report. The best way to avoid this disease is by staying home as it spreads when a person comes in contact with the infected person or it can also spread by touching a place that has a virus. So, the use of online shopping has increased all over the world. It was also observed that there is a rise in the number of first-time-e-commerce-users in India. These are the people who never used online services for shopping. In 2002, the outbreak of SARS infected more than 2700 people which have dramatically changed the shopping habits of people as they had fear of going out. It is no surprise that more customers have turned to online shopping to buy the goods they need and want, as many brick-and-mortar stores have shut their doors for the time being and shoppers have a tendency to reduce the danger by remaining in their homes. Industries, as well as businesses, are disrupted by the COVID-19 pandemic around the world. In unchartered territory or state, the industry of broader consumers is still operating. In purchasing, the behaviour of the customers, rapid and great changes are faced by the industries after the travel restrictions and limitation of local movement because of the widespread of health concerns. In the last 2 years, a consistent increase is observed in the buyer adoption of online purchasing Pervasive consumer behaviour change is observed after the improvement in various factors such as infrastructure, development as well as experience. A steep change is also observed in the techniques of consumers shopping after the COVID-19 pandemic. Since this pandemic arose, various industries are a critical situation. The growth of online shopping will remain constant even after the pandemic as the new normal. It becomes important for the brands to develop new capabilities for the online market for ensuring the positive experience of the consumers and to achieve the digital corner. It can be achieved by passing on their value propositions in a different way to learn to handle the back end of a digital operation.

1.1 Objectives of the Study:

- To get the suggestions from the respondent to adoption of online payment system.
- To find the problems that had been faced by the customers.
- To know the effect of digital payment system.

2.0 Literature review

The terms digital transaction, electronic transactions, paper-less transaction, or cashless transaction are almost used interchangeably in common parlance. The RBI Ombudsman Scheme for Digital Transactions (2019) defines digital transactions as “a payment transaction in a seamless system effected without the need for cash at least in one of the two legs, if not in both. This includes transactions made through digital/electronic modes wherein both the originator and the beneficiary use digital/electronic medium to send or receive money”. However, in our paper, a digital transaction is one where the payer and payee both use digital modes of payment.

Online Payment Systems and Purchase Intension

(Chawla & Joshi, 2019). K, Kamatchi Eswaran in his study concluded that digital transfers using apps have brought behavioural change and helped in the adoption of digital payment. This facilitated ease of transfer of money in rural areas, which was not touched on earlier by the digital payment Method. (Kamatchi Eswaran, 2019).

Podile and Rajesh (2017) in their paper entitled —Public Perception on Cashless Transactions in India were of the view that majority of the customers in the country have adopted the electronic payment system for their transactions.

Sumathy and Vipin (2017) identified that the major drivers that accelerated the growth of Indian Digital Payment Systems are found to be favourable regulatory environment, the emergence of next generation payment service providers and enhanced customer experience.

(Saxena & Chaudhary, 2019). M Mazandaran in his study concluded that the digital payment system should be strengthened to improve the safety and security of financial transactions of consumers and it must be simplified and make user-friendly Vyas, Madhuri; Singh, Sachin 2011

This paper describes the key structure Part that needs to be in place before the spiteful cycle of risk can be ruined. The fundamental idea behind this research paper is why risk management is needed. It outlines some of the theoretical Depend on modern bank risk management, with importance on

market and credit risks. Banks are often proud of their management of risk. Self-satisfaction may well be justified for market and credit risks, but banks can learn much from industry about managing operational risk. Banks have been involved in a process of advancing their risk management capabilities.

Purchase Intension and Covid-19 pandemic

(Dr.M. Somasundaram, 2020). M Abraham in his study remarked that Internet connectivity issues And payment restrictions for huge amounts are the common problems faced in digital Payments. (Abraham, 2020).

PV Ranjith, Swati Kulkarni, Aparna J Varma 2021 Digital transactions are taking over most of the transactions in the world and India is no exception. Various studies have proved that an efficient payment system will speed up the liquidity flow of an economy. In the era of digitization, transactions using technology are the best way of being agile and giving better service to consumers.

Trust, safety and how much the system helps the user are also found to be factors which help the digital transactions in gulf countries (Wassan Abdullah Alkhowaiter, Aug 2020). Vaidya et al (2020) also talked about the importance of convenience in digital payment along with connectivity issues and more penetration of smartphones.

Covid-19 Pandemic and Online Payment Systems in India

The importance of third-party payments which have a high positive relationship with the ability of finance companies to create value for the customers was studied by Yao Meifang et al,2018. This factor was also highlighted by the study on the kind of advantages delivered by banking using mobile by Sampaio C.H. et al, 2017.

Lavanya R (2019) also spoke about digital banking services and government initiatives and their role in usage of digital payments in her article.

Prasanth et al (2019) found that although plastic money is used a lot due to its convenience, safety and trust are the main deterrents in using them. Financial knowledge, non-acceptance, Infrastructure problems and economy problems were found to be most important challenges of adoption of digital payment in rural sector.

T. M. Praveen (2020) in his article talked about Artificial Intelligence, Internet of things, and other technologies have enhanced the digital payment industry. Use of digital identity using biometrics is also becoming highly relevant. Near field communications and remote payments using mobile is picking up. The future belongs to technology and scanning through mobile cameras will be enough to facilitate payments. Technology with a human interface is going to be the new future.

3.0 RESEARCH METHODOLOGY:

Research Methodology is the outline of the plan and method that how the study is conducted. So, mention below detail about it.

- In order to make the problem statement more clear and to have better understanding of the same, the study is descriptive in nature and based on secondary data and primary data. The endeavour is descriptive in nature.

Descriptive Research: It is a research design that describes the characteristics of a population or phenomenon. The present research aims at describing the Consumer behaviour towards the Online digital payment methods during COVID-19 Pandemic.

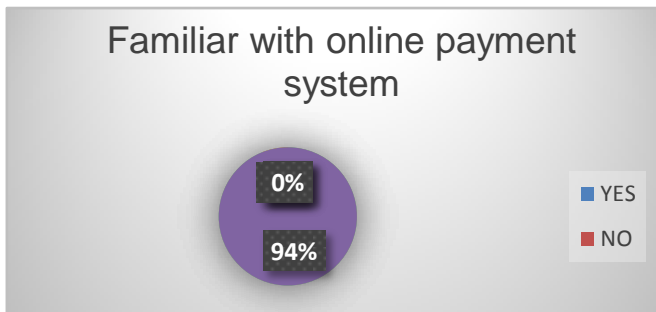
Source of Data: We have collected the data from the public of India who has used Online Payment Systems before and during the pandemic.

3.3 Research design:

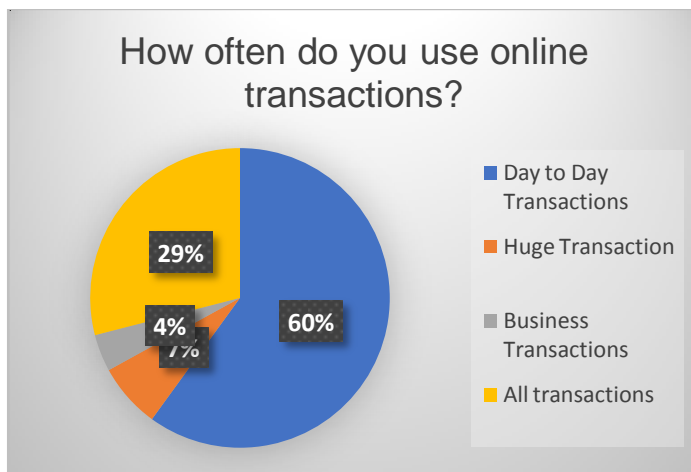
A research design is a framework or blueprint for conducting the research project. It details the procedures necessary for obtaining the information needed to structure or solve research problem.

3.4 Finding Primary Data

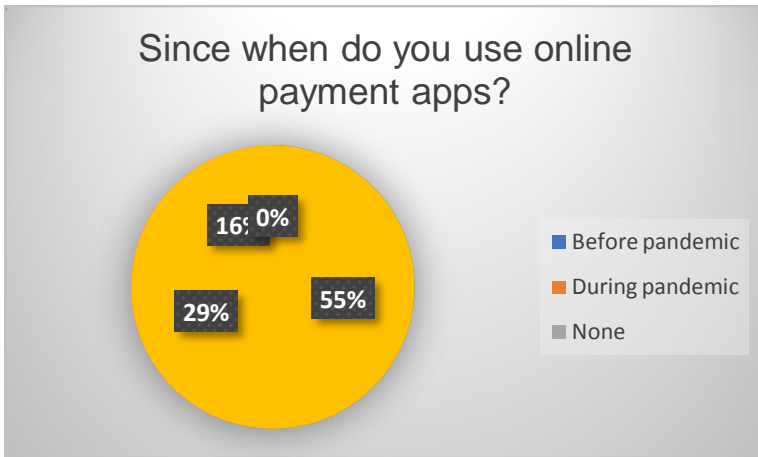
1. Table1:Familiar with online payment system.



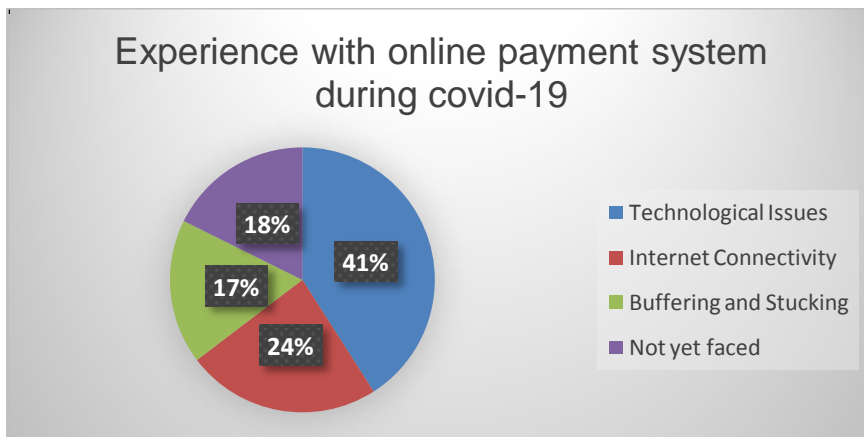
2. Table2: How often do you use online transactions?



3. Table 3: Since when do you use online payment apps?



4. Table 4: Experience with online payment system during covid-19 pandemic?



4.0 Conclusion of research:

- To conclude, a unique and unprecedented event such as the pandemic in 2020 has impacted the digital payments system significantly and is probably a huge game-changer for India in digital payments adoption ever since the demonetization in 2016.
- All three hypotheses postulated for this research have been proven to be true with several other insights that have been garnered along the way. The summaries and tables are open to individual interpretation and usage in several other future studies.
- The author hopes that the scope of this may be explored further and thus the research be carried forward and polished by contemporaries across the world.

REFERENCES

- A study of consumer behaviour towards online purchasing and bill payment through mobile apps by Dr. Bagirathi Iyer International Journal of Advance Research, Ideas and Innovations in Technology (Volume – 5, Issue – 4) – 2019
- The Consumer Perception on Online payment system to generate future need in India by PV Ranjith, Swati Kulkarni, Aparna J Varma 2021.
- A Study On Consumers Perception On Food Apps as well as the connection of wallet and UPI payment app by D. Sudhir Babu, P. Lakshmi Narayanamma (2018)
- An analysis related digital payment system will be the valuable during pandemic of Covid-19 towards online purchase food delivery services as well as daily needs by PV Ranjith, Swati Kulkarni, Aparna J Varma 2021.
- A survey related Internet connectivity issues and payment restrictions for huge amounts are the common problems faced in digital payment system in India during covid-19 pandemic by (Dr.M. Somasundaram, 2020).
- A study and review related digital banking services and government initiatives and their role in usage of digital payments in her article by Lavanya R (2019).