

EFFECTS OF COVID-19 ON DIGITAL PAYMENT SERVICES IN CHENNAI

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Abstract: The Covid-19 pandemic had rewritten the pattern of life for the past two years and has led to a newfound outlook that forced people to follow lockdown regulations and social distancing. When the pandemic accelerated the digitalization of the economy, digital payment services secured the spotlight as the preferred mode of payment. The sudden situation had caused an unpredictable surge in the demand for digital, contactless payments and led to an increase in the use of digital payments. This study explores the effects of digital payment services. The purpose of the research is to find if digital payments will still have an upper hand after the pandemic, by studying the impact on digital payments, challenges faced, opportunities provided during the pandemic and the future after the pandemic. It is further supported by findings in primary data of people's usage, awareness, benefits derived, and habits of digital payments using primary data. An electronic questionnaire was distributed to the people residing in Chennai city, who will be the population. A sample of 100-150 people will be chosen for this purpose. The findings and analysis are done by using MS Excel.

INTRODUCTION:

Digital payments are transactions that take place digitally or online and do not involve the tangible exchange of money. This means that both the payer and the payee exchange money through electronic mode. Digital payments are an aspect of Digital Financial Services (DFS) which are financial services that are provided to customers using the medium of digital technologies such as web, mobile, cloud services, artificial intelligence (AI), machine learning, and block chain, to create a faceless, paperless and cashless economy. By allowing people to pay bills, transfer money and access their bank statements easily using their computer or mobile phone, the digital payments field has seen significant growth in recent years, and the future transition is foreseeable. It allows consumers to make payments from anywhere and at any time. People gradually embraced this and began taking payments via digital methods empirically during the covid-19 pandemic. Having the potential to reduce costs, improve speed, provide security and transparency, this space contributes towards development areas like financial inclusion, shifting from cash-based transactions to digital financial transactions, and enables efficient access to a wide spectrum of financial payment options to individuals and business of different scales.

NEED FOR RESEARCH:

Usage of the mode of digital payments is seen as the future of the world and this was accelerated by the covid-19 pandemic. The main need for this research is to find out the possibility of changing over to cash payments after the pandemic. Therefore, it is important to understand the effects of digital payments during the pandemic along with opportunities and challenges provided through this medium of payment.

OBJECTIVES:

- 1) Understand the usage and purpose of digital payments during the pandemic
- 2) Study the opportunities and challenges of digital payments during the pandemic
- 3) Observe the government's role during the process of digitalization of payments during the pandemic.
- 4) To determine the choice of payment and the future of digital payments after the Covid-19 pandemic.

METHODOLOGY:

Both primary and secondary data were used in this research. The primary data was collected by distributing an electronic questionnaire using Google forms to the people residing in Chennai city selected through convenience sampling and was carried out. A structured questionnaire in the form of multiple choices, rating scales, and short answers was used to

observe and evaluate both quantitative and qualitative elements. The sample size was 141 people which comprised a mixture of local students, friends, and relatives and were considered as the sample population for the research. Furthermore, quantitative data analysis was prepared, where statistical tools of MS. Excel were used to draw the results. The secondary data was derived from sources like articles, newspapers, websites, and magazines that are already available in the market.

LIMITATIONS:

It is to be considered that the survey conducted was only within Chennai and was limited to a sample population of 141 people.

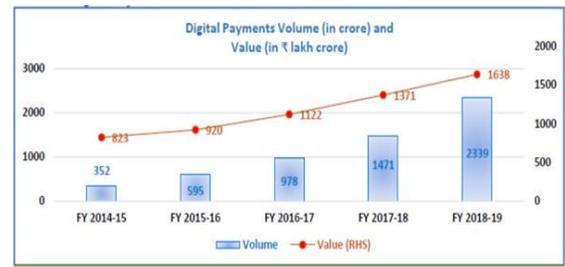
SOURCE OF DATA:

Both primary and secondary data were used to cover the topics. Primary data was collected with the help of a structured questionnaire and the secondary data was collected using newspapers, articles and websites.

DIGITAL PAYMENTS:

Digital payments before Covid

With the liberalization of banking and the introduction of new technologies such as Magnetic Ink Character Recognition (MICR), Automated Teller Machines (ATM), in the 1990s, India's payment landscape has seen a continuous transition. Eventually, in 2010, a diversity of digital payment products and service providers were introduced. Demonetization in the year 2016 had resulted in a decrease in ATM withdrawals and indirectly had a significant impact on digital payments. It increased the use of digital payment methods, such as point-of-sale (POS) transactions using cards and mobile banking. They contributed to the elimination of middlemen, scams, and leakages caused by corruption. The Ministry of Electronics and Information Technology (Meaty) has been tasked with spearheading this program on the "Promotion of Digital Transactions and Digital Payments." The vision was to make convenient digital payments available to all Indian residents in a way that is comfortable, easy, reasonable, and secure.



India is witnessing a faster growth rate in digital payments than many advanced non-cash countries. Throughout the past decade, the country has witnessed several distinctive and cutting-edge product breakthroughs in the digital payment business. The emergence of a younger generation who has grown up with mobile phones, technology, and the internet has accelerated the acceptance of technical breakthroughs in digital payments.

ypes of Digital Payment Methods in India:

- 1) Banking cards
- 2) USSD
- 3) Aadhar Enabled Payment System
- 4) UPI
- 5) Mobile Wallets
- 6) Bank pre-paid cards
- 7) Internet Banking
- 8) Mobile Banking

Banking Cards:

Bank cards are an integral part of people's everyday life, allowing them to carry out activities such as cash withdrawals, purchases, and payments in a convenient and simple manner. They provide more security, convenience, and control to customers than any other payment option. There is a vast range of cards available, including credit, debit, and prepaid cards. These cards feature 2-step verification for safe interactions in the form of a PIN and an OTP to assure security. The transaction prices vary per bank, and the transaction limit is determined by the card. These cards can be used for both physical transactions like ATMs and purchasing from e-commerce sites as well as online transactions like shopping from e-commerce sites. Some examples are RuPay, Visa, and MasterCard.

USSD (Unstructured Supplementary Service Data)

This service is popularly used in the rural parts of India where there is no proper internet connection. The USSD allows mobile banking transactions to be completed using simple feature phones; there is no requirement for a mobile internet data connection to use USSD-based mobile banking. Its goal is to offer financial depth and inclusion of the financially excluded population by making financial services available to every regular person in the country. The service can be availed by dialing *99# and serves numerous functions, including mobile banking, payment, checking account balances, peer-to-peer transfers, and cash withdrawals and deposits.

Aadhar Enabled Payment System (AEPS)

AePS is a bank-led platform that enables online transactions at Point of sale with the help of MicroATMs via any bank's business associate using Aadhaar verification. A person may perform activities like cash withdrawal, cash deposit, Aadhar to Aadhar transfers, and payment transactions using an Aadhar card, Micro ATM, bank account, and the necessary biometrics.

Unified Payments Interface (UPI):

An individual can use their Smartphone as a virtual debit card by using a Unified Payments Interface (UPI) system. It has enabled quick money transfer and receipt, as well as the consolidation of several financial services and features under one roof. To send and receive money, a UPI ID and PIN are all that are required, as opposed to the old methods, which required the receiver's account number, account type, IFSC, and bank name. UPI is supported by many major banks and mobile applications like Google Pay and PhonePe

Mobile Wallets:

A mobile wallet is a virtual wallet that allows you to carry cash in digital form. One must enter their credit card or debit card details into the mobile wallet app or transfer money to the mobile wallet online. After that, the wallet stores this information by associating a personal identity format, such as a number, key, QR code, or a picture of the user, with each saved card. Instead of using an actual plastic card, a person can simply pay using their Smartphone. Paytm, Google Pay, PhonePe, Free charge, Mobikwik, Oxygen, Aortal Money, Jio

Money, are some examples of e-wallets. Many banks have their digital wallets.

Bank pre-paid cards

A prepaid debit card called known as stored value cards or pay-as-you-go cards is a type of alternative banking instrument that only allows the individual to spend the money they load onto it. Prepaid cards, like debit cards, can be used at any shop that accepts the payment network of the card's issuer, such as Visa or MasterCard. They are more secure and convenient than cash.

Internet Banking

Internet banking, often known as net banking or online banking, is an electronic payment system that allows a bank or financial institution's customers to conduct transactions through the internet. Anyone who has registered for online banking at the bank and has an active bank account is eligible to utilize this service. This is more convenient because the consumer does not have to visit the bank every time, he or she needs to use a banking service. The portals are protected by unique user/customer IDs and passwords and provide services such as fund transfers, deposits, and online bill payments. The following are examples of internet banking: National Electronic Fund Transfer (NEFT): Maximum limit of Rs.50,000/- per transaction. (ii) Real Time Gross Settlement (RTGS): Meant for large value transactions, starts from Rs.2,00,000, and has no upper limit. Electronic Clearing System (ECS): It is usually used for payment/receipt of recurring and periodic transactions. Institutions use ECS to make bulk payments for interest, salary, pension, or to collect bulk payments for telephone/electricity/electricity/water dues, loan installment repayments, periodic investments in mutual funds, etc. Immediate Payment Service (IMPS): IMPS offers a real-time fund transfer service that is available 24 hours a day, seven days a week through different channels such as mobile, internet, ATM, and SMS.

Mobile Banking:

Every bank has a mobile application through which users may access banking services and execute different kinds of financial transactions remotely using a mobile device such as a cell phone or tablet. This requires internet access.

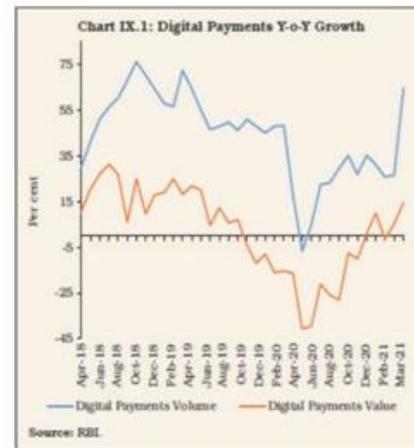
Micro-ATMs:

Micro ATMs are card swipe machines that allow banks to connect to their main banking system remotely and allow Business Correspondents to perform immediate transactions. This machine is equipped with a fingerprint scanner and is used at the point-of-sale terminal to transfer cash in areas where bank branches are inaccessible.

IMPACT OF COVID-19 ON DIGITAL PAYMENTS

Introduction

When the Covid-19 pandemic struck, people were forced to follow social distancing to avoid the transmission of the virus. The crisis had emphasized the need for increasingly digital, automated, data-driven, and open business structures. This in turn placed digital payment services in the spotlight, which demonstrated its benefits while maintaining social distancing. The shift towards digital financial technology was contributing towards financial inclusion even before the pandemic, but with the increase in lockdowns and restrictions, the use of digital payment services was accelerated, driving the country towards a 'less-cash' alternative. Digital payment services helped low-income families and small firms majorly in the form of payments through mobile and online banking. From bank transfers to loan applications to bill payment, most financial transactions can now be executed entirely online using a mobile phone or computer. On October 29, 2021, the digital payments sector rose by 2, 28,963 core, up from 26.88 lakh core on October 30, 2020.



Source: RBI

Beginning of the pandemic:

Due to the social distancing and restrictions situation, several sectors such as tourism, travel, theatre, restaurants, airlines, hospitality, and entertainment arenas were hugely impacted negatively. With the fall in such important sectors, the digital payments volume and value also fell. This is the reason behind the observation that there was a decline in the volume of digital payments during the starting period of the corona virus outbreak due to the lockdown restrictions.

Rise in digital payments:

The following chart shows the increase in the usage of digital payments from April-2018 to March-2021. There has been an increase of approximately 2, 04,516 Lakhpayments from Rs.2, 32,602 Lakh in FY 2018-19 to Rs.4371.18 in FY 2020-21. The reasons to:

- (i) As the restrictions were eased and sustained efforts were exerted by the government towards the digitalization of payments digital payments rose again.
- (ii) The covid-19 pandemic had forced many people to switch to digital payments during the 2020 lockdown, leading to a significant increase in transaction volumes and value.
- (iii) Sectors like OTT, Online shopping, online education, Health and life insurances, donations and internet consumption. When comparing September 2020 to September 2019, the volume of UPI transactions increased by 88%. Volumes in September 2021, on the other hand, increased by 103%. While cash continues to grow in the economy and is given more preference when it comes to offline small value

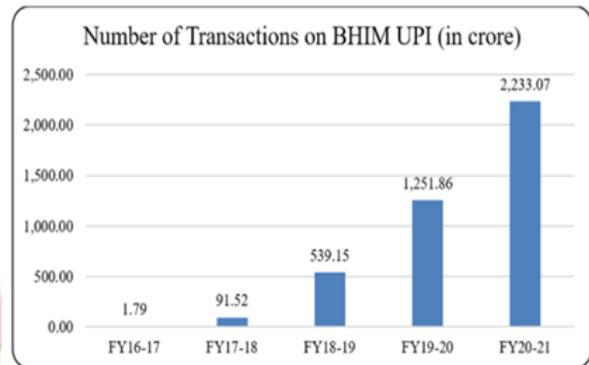
Item	Volume (Lakh)			Value (₹ Crore)		
	2018-19	2019-20	2020-21	2018-19	2019-20	2020-21
A. Settlement Systems						
OCIL Operated Systems	36	36	28	11,65,51,038	13,41,50,192	16,19,43,141
B. Payment Systems						
1. Large Value Credit Transfers – RTGS	1,366	1,507	1,592	13,56,88,187	13,11,56,475	10,55,99,849
Retail Segment						
2. Credit Transfers	1,18,481	2,06,506	3,17,852	2,60,90,471	2,85,62,857	3,35,22,150
2.1 AaPS (Fund Transfers)	11	10	11	501	469	623
2.2 APBS	14,940	16,766	14,373	86,226	99,179	1,12,747
2.3 ECS Cr	54	18	0	13,235	5,145	0
2.4 IMPS	17,529	25,702	32,783	15,90,257	23,37,541	29,41,500
2.5 NACH Cr	8,354	11,290	16,450	7,29,673	10,43,212	12,32,714
2.6 NEFT	23,189	27,445	30,928	2,27,93,608	2,29,45,580	2,51,30,910
2.7 UPI	53,915	1,25,186	2,23,307	8,76,971	21,31,730	41,03,658
3. Debit Transfers and Direct Debits	4,914	7,525	10,456	5,24,556	7,19,708	8,72,552
3.1 BkIM Aadhaar Pay	68	91	161	915	1,303	2,580
3.2 ECS Dr	9	1	0	1,260	39	0
3.3 NACH Dr	4,830	7,340	9,630	5,22,461	7,18,166	8,68,906
3.4 NETC (Linked to Bank Account)	6	93	650	20	200	913
4. Card Payments	61,769	72,364	57,941	11,96,888	14,34,814	12,93,622
4.1 Credit Cards	17,626	21,773	17,941	6,03,413	7,30,895	6,30,414
4.2 Debit Cards	44,143	50,611	40,200	5,93,475	7,03,920	6,62,667
5. Prepaid Payment Instruments	46,072	53,318	49,392	2,13,323	2,15,558	1,97,895
6. Paper-based Instruments	11,238	10,414	8,704	82,46,065	79,24,822	56,27,189
Total – Retail Payments (2+3+4+5+6)	2,42,473	3,50,147	4,42,229	3,62,71,303	3,87,57,759	4,15,12,514
Total Payments (1+2+3+4+5+6)	2,43,839	3,51,654	4,43,821	17,19,59,490	16,99,14,234	14,71,12,363
Total Digital Payments (1+2+3+4+5)	2,32,602	3,41,240	4,37,118	16,37,13,425	16,20,89,413	14,14,85,173

transactions, the use of almost all modes of digital payments, including UPI, Immediate Payments Service, RTGS, NEFT, and credit cards, has grown as consumers preferred to stay at home and maintain social distance. Digital payments have continued the same pace of growth in 2021, compared with 2020. The further future of digital payment services will rely upon the level of digital usage, financial literacy, awareness of the instruments, and the security of the customer which will earn the trust of the customer towards digital modes. This would entirely transform the current payments and banking sector of India.

The Government's push towards a digital economy during the pandemic

The government took several initiatives to work towards a digital economy, which included, The Digital India program, Pradhan Mantri Jan-Dhan Yojana, DIGIDHAN Abhiyaan. It also introduced the Bharat Interface for money (BHIM) App, United payments interface (UPI), Aadhar Pay, RuPay cards, and presented QR-based cash withdrawals on ATMs. The present government's ideology promotes digitization as a method of both formalizing the economy and safeguarding the underprivileged. India is believed to have a better developed digital payment environment than other nations, including the United Kingdom, China, and Japan. During the initial phase of the COVID-19 outbreak, the nationwide lockdown resulted in a drop in digital payments by 30%. When several restrictions and lockdowns were imposed by the government, several steps were taken to create a safe, secure, and economical retail payment system, including the National Electronic Fund Transfer (NEFT) and the Immediate Payment Service (IMPS). Keeping in mind the effects of COVID 19, the RBI and the government were focusing on encouraging digital payments through modes like BHIM, UPI, NEFT, and IMPS to avoid the usage of physical cash and maintain social distancing. They even provided benefits like making NEFT and RTGS payments available 24 hours a day. As the people understood the risk involved in the pandemic, they took use of these benefits given to them and there was a rise in the use of these options. Being given the responsibility of heading the Promotion of Digital Transactions and Digital Payments Program, the Ministry of Electronics and Information

Technology (MeitY) set up the DIGIDHAN Mission in 2017 to promote digital payments by modes including UPI, Internet Banking, IMPS, BHIM, and Aadhar Pay. During the pandemic, this observed a further drastic increase in the levels. The following shows the increase in the volume of transactions through Bharat Interface for money (BHIM), UPI. There has been an enormous growth through the years of FY 2019-20 and FY 20-21, due to the Covid-19 Pandemic that forced people to use UPI and put their medical safety first.



Source: Ministry of Electronics and Information Technology, Government of India

OPPORTUNITIES OFFERED BY DIGITAL PAYMENT SERVICES DURING THE PANDEMIC:

1) Financial Inclusion –

Digital payment services may be made accessible and affordable to all individuals and organizations, regardless of personal net worth or business size, with the help of Digital financial services. Many individuals in rural India have mobile phones, and some of them have access to mobile internet, thus they may access electronic payment services to obtain loans or create bank accounts. During the pandemic, many people in both rural and urban locations are made use of these digital banking and payment choices.

Social Distancing:

Indian people are very attached to the idea of using cash payments. But a change was seen during the pandemic as people wanted to avoid cash payments due to the high risk of transmission of the corona virus. In this way digital payments helped maintain social distancing and kept people safe.

3) Faster and more convenient option:

Customers save time by using digital banking since it is a much faster choice. Customers do not have to physically visit the bank to make payments or deposit checks which reduce the time spend while traveling and filling the formalities in a sheet. The procedure is completed with just a press of a button on their phone. It also saves time for people working at the banks by leaving them with fewer forms to be processed for the transaction to take place. This especially proved very useful when people were stuck at home and needed to make immediate payments from home.

A Cost-Effective option

The same solution is provided by general financial institutions are given at a lower rate by the digital payment services. Financial companies and banks can cut down several costs and save money by automating responsibilities using technology and opting to not have many physical branches. Due to this, the savings are passed on to the customer who is not charged any extra fees or commission.

Cashless economy and reduction in Tax Evasion-

This is an opportunity given to the country's economy and government. Every transaction in a cashless economy would be recorded, and every rupee could be traced by authorities. The job of financial and monetary system authorities becomes easier because of the widespread use of digital financial services which may greatly lower the circulation of black money. The government's revenue will rise, boosting the economy's GDP.

Safe and Secure-

Cybercriminals find it simple to breach the systems of major and traditional banks since the organizations do not place as much emphasis on technology as Fintech. Although some people might argue that digital transactions are not safe, it is assured that every transaction conducted on a particular digital platform is secure, including all client data and personal information. Indeed, several companies have launched game-changing technologies that safeguard customers more than ever before, from real-time expenditure alerts to location-based security.

Empowers Small Businesses –

Digital finance services allow small companies to conduct transactions faster, smarter, and safer, while also

expanding financing possibilities and affording other benefits. It also promotes their financial inclusion, offering them the tools they need to attain financial stability and expand their enterprises. This contributes to the companies' growth by helping them expand their services and operate efficiently.

Increases financial capabilities –

These services help customers to manage their money in a simpler manner and simultaneously educate them. One of the most significant factors of financial well-being is financial literacy which will reduce their debt and understand the importance of budgeting, saving, and investing for the future.

CHALLENGES FACED BY THE DIGITAL PAYMENTS SERVICES DURING THE PANDEMIC:

Although the pandemic had accelerated the process of popularizing the usage of digital payment services, there were still challenges faced.

1) Awareness and disputes in acceptance:

India is well-known for its small businesses, which are managed by small merchants that struggle to trust digital payments. They have little faith in the process of delivering goods and receiving payment the next day, despite receiving an SMS or paper slip verifying the payment. The major two causes are a lack of knowledge in digital payments and a time-consuming management approach, as well as an inability to understand English. There still remain people who don't have a bank account. For a digital transaction to take place one must require a bank account. This poses the other challenge of digital payments. Although cash is accepted everywhere, digital payments are not accepted everywhere. Due to a lack of understanding and trust, many commercial merchants do not accept digital payments even today. As a result, consumers have become increasingly reliant on cash payments rather than digital payments.

2) Fair Internet quality:

The weak internet system is one of the primary difficulties that India confronts. Only one-third of India's population has an Internet connection, and those who do frequently have connectivity issues. Although there are solutions that do not require the internet, such as Aadhar Enabled Payment System or USSD, they do not make the transaction as easy or as fast as banking cards, wallets, and others.

3) Habitual use of cash:

The majority of Indians' lives revolve around getting paid in cash and doing their own purchasing with cash solely. It is the customary manner of doing business in various sectors and disciplines. Because cash is tangible, it provides individuals with the satisfaction of holding it and exercising control. They carry their cash because they think they are safe and in charge at all times. They are blissfully oblivious of the digital payments revolution that is taking on all around them.

4) Security Issues:

While the Covid-19 pandemic has increased digital payments and reliance on the digital economy, fraudsters' digital schemes against firms have also increased. When compared to pre-pandemic levels, the rate of digital fraud attempts originating in India against firms increased by 28.3 percent. Since the onset of the Covid-19 pandemic, occurrences of identity

Fraud has been estimated to be more than 30 percent higher than global averages. Online and mobile payments are not safe, and fraud is possible. When dealing with digital payments, people must be aware of the risks and informed.

5) Transparency Issues:

Every internet transaction is known to be recorded. People are concerned that, unlike cash transactions, digital transactions can be traced, and that this may lead to challenges in the form of higher taxes. Because cash transactions are difficult to trace, consumers prefer digital payments. Another reason is the lack of transparency in privacy because while using digital payments people give out their sensitive information that can be misused in the future.

6) Lack of trust:

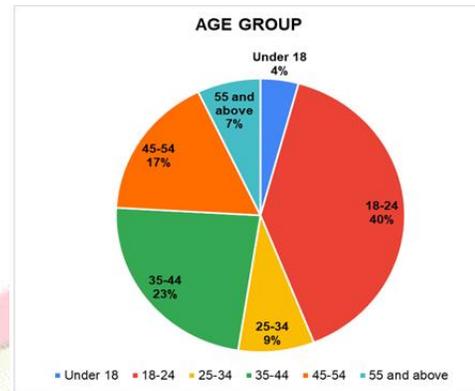
The following two challenges lead to the greatest and most significant obstacle for digital payments which is a lack of trust in digital payments. Some people do not feel secure utilizing this because they do not trust the Internet and don't want to risk their hard earned money in perceived security dangers. Many people are put off by the idea that someone else has access to their bank account. People in this group may have little familiarity with the internet world due to a lack of exposure and comprehension of how it operates.

SURVEY INSIGHTS AND STATISTICAL ANALYSIS:

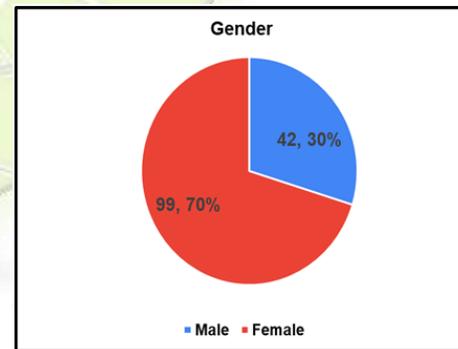
DEMOGRAPHICS OF THE SAMPLE POPULATION:

		Statistics			
		Age	Gender	Education Qualification	Occupation
N	Valid	159	159	159	159
	Missing	0	0	0	0

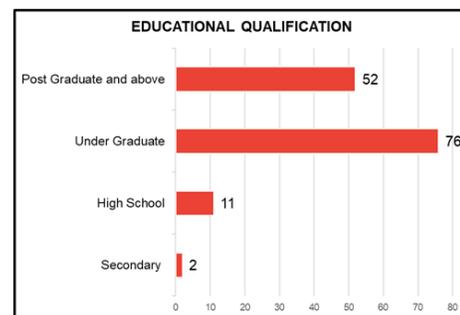
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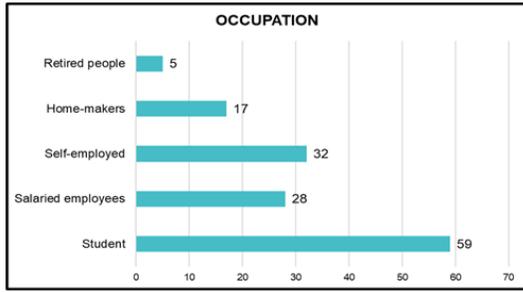
GENDER:



EDUCATIONAL QUALIFICATION:



OCCUPATION:



Most of the people found digital payments to be beneficial mainly because they are comparatively a faster mode (123 people), convenient (122 people), and help maintain social distancing (119 people). Not many people were aware of the other two benefits of Tracking expenses and security of digital payments.

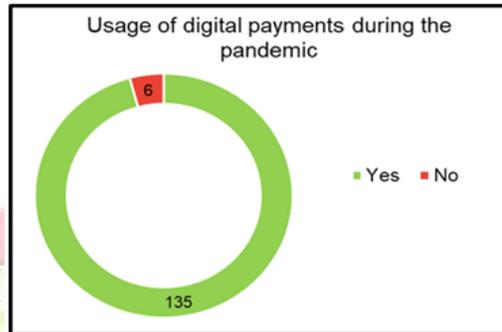
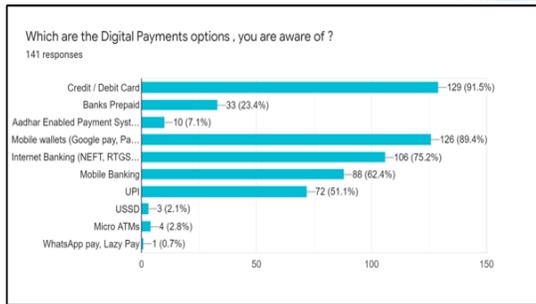
USAGE OF DIGITAL PAYMENTS:

To examine the usage of digital payments during the pandemic the following questions were asked.

AWARENESS OF DIGITAL PAYMENTS:

To test the awareness of the different types of digital payments the following questions were asked.1) General Awareness

1) Usage of digital payments during the pandemic

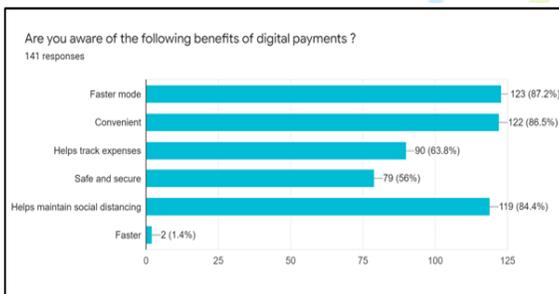
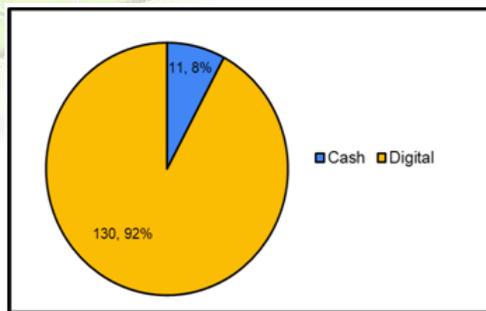


It was found out that only 14% of the population (21 people) was aware of more than 5 digital payment options. It is observed that the most aware digital payment were the Banking cards(91.5%) then followed by Mobile wallets(126%), Internet Banking (106%), Mobile banking (88%), and UPI(72%). It is seen that most of the people weren't aware of the Banks prepaid Aadhar Enabled Payment System, USSD, and Micro ATMs.

When asked about the mode of payment during the pandemic it was found that the majority of the people of 95.7% used digital payments.

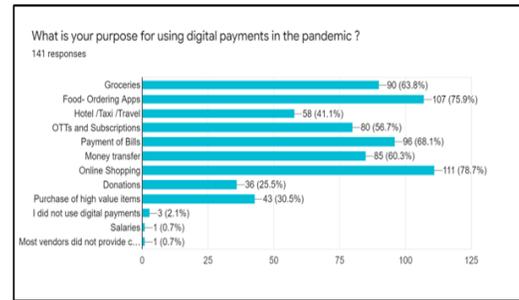
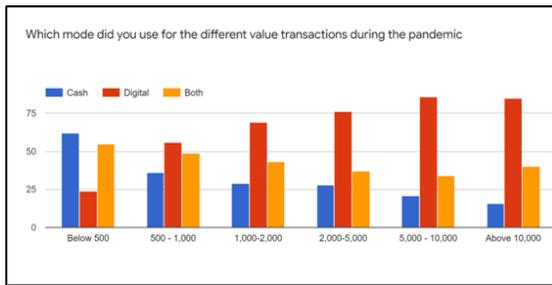
2) Preferred mode of payment during the pandemic

Awareness of benefits



When asked about the preferred mode of payment during the pandemic, 92% of the population chose the option of digital payments. This is due to the obvious reason of social distancing and restrictions during the lockdown in order to avoid the transmission of Covid-19.

3) Usage of modes for different value transactions

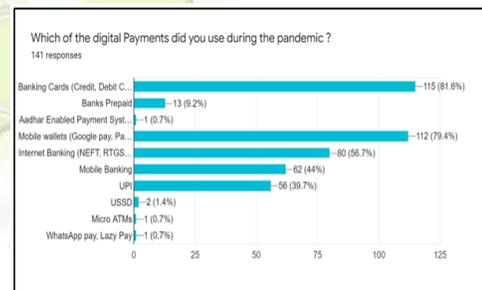


Customers usually prefer to use different modes for different value transactions due to factors such as convenience at the point of sales. In order to find the preference and usage of digital payments and cash, the people were asked to choose between the options of cash, digital, or both, indicating the mode of payment usually used by them for the different value transactions ranging from Below 500 to Above 10,000. Below 500: When it came to spending an amount ranging from 0 to 500, 44% of people used Cash, 17% used digital payments, and the rest 39% used both cash and digital payments. This shows that most people prefer to use cash transactions for between 500-1,000: Although 500-1000 is also a small value transaction, it can be observed that the preference goes to digital payments used by 40% then followed by both of the payments used by 35% and cash by 26%. Between the 1,000 and 2,000 range, it is observed that digital transactions have increased by 9% (stands at 49%), cash decreased by 6% (stands at 20%), and the preference towards both the payments also has decreased by 5% (30%) Between the 2,000 and 5,000 range majority of the people of 54% use digital payments, cash is used by 20% and 26% of the people use both. The usage of cash decreases to 15% and both the transactions to 24% between the amounts of 5,000 to 10,000. Whereas the use of digital payments still increased to 60%. When it came to transactions beyond 10,000.Rs, it is seen that only 11% of the people prefer cash payments, and 28% use both. But the majority of the people of 60% use digital payments.

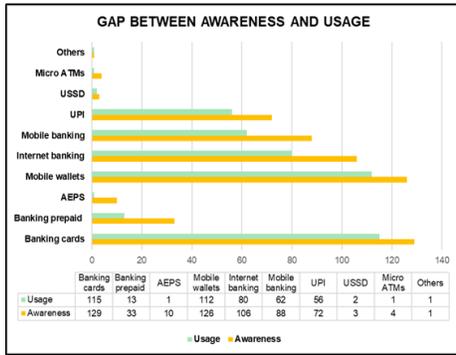
4) Purpose of using digital payments during the pandemic:

(It is to be noted that the following percentages won't add up to 100, as the population was requested to select all the boxes that apply to them.) During the pandemic when people couldn't get out of their homes and also avoided contact majority of the people 79% used digital payments to do online shopping followed by 75% using for food delivery payments, 68% used for paying bills, 63% used for buying groceries and 60% of the people used for money transfer purposes. 80% of the people used for subscribing to OTTs, 58% used for traveling, 43% used to buy high-value items, and 36% used it for donations.

5) The usage of different digital payments:

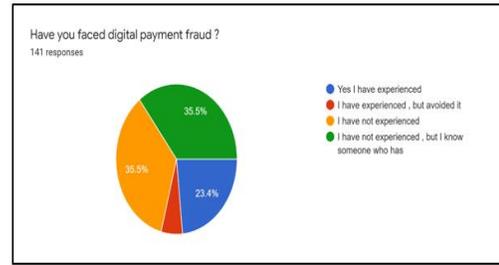


By this, it is seen that the majority 82% of the people use banking cards, and 79% use digital wallets. This is because from students to adults all the people prefer cards and wallets whereas other instruments like internet banking, UPI and mobile banking are popular among the adults. 56% of the people use internet banking, 44% use mobile banking, and 56% use UPI. It is also observed that only 1% of the people use AEPS, Micro ATMs, and 2% use USSD.



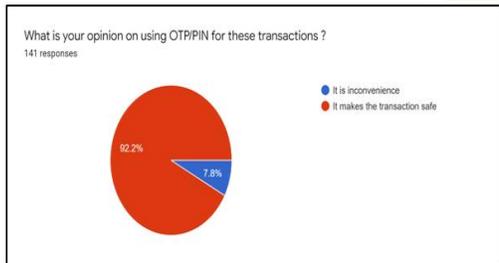
people check their transaction history. This increases their chances to be a victim of digital payment fraud and exposes them to a lack of security.

3) Digital payment frauds:



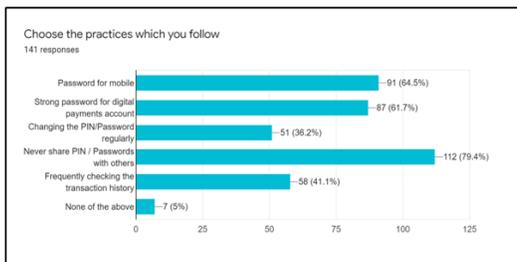
SECURITY OF DIGITAL PAYMENTS:

1) Opinion on OTPs and Passwords



This shows that 92% of the people are well aware of OTP and PIN being a security part and is important for a safe transaction.

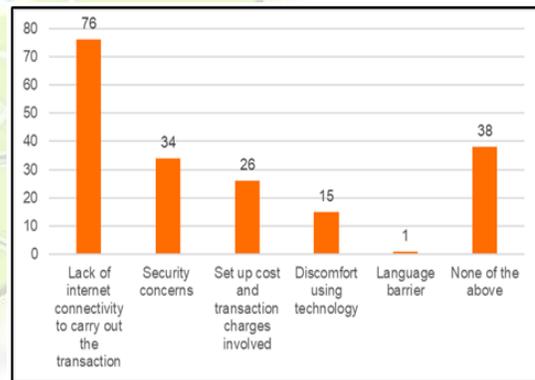
2) Security practices



Although most of the people are having a password for their phone, strong digital account passwords, and don't share them with anyone, there still remain 50 people who don't have passwords, 54 with weak passwords, and 29 who share their passwords. 7% of them don't follow any of the above practices only 51 people change their pin regularly and 58

Out of 144 people, 41 people faced digital payments, out of which only 8 could avoid it. 50 people did not experience digital fraud but are aware of someone who has. And the rest 50 people have never experienced digital payment fraud. This shows that majority of the people have witnessed and heard about digital payment fraud.

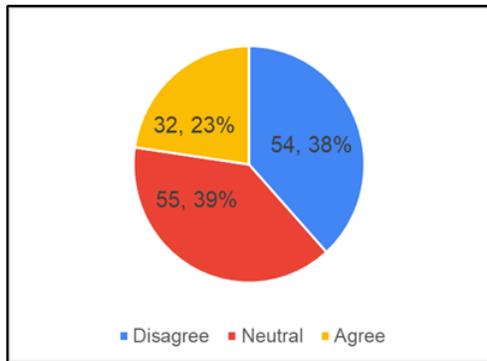
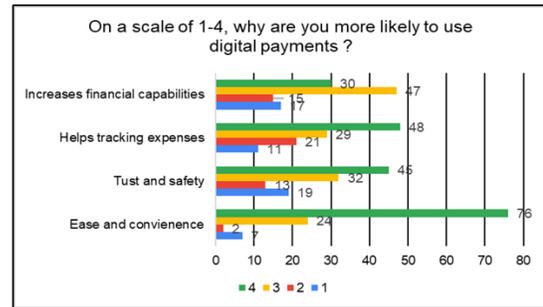
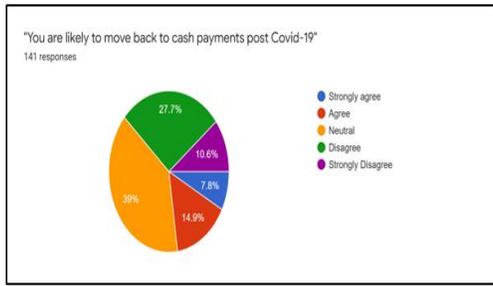
CHALLENGES ACCORDING TO THE POPULATION:



When asked about the challenges faced using digital payments, most of the people faced internet connectivity issues while carrying out the transaction. 34 faced security concerns, 26 faced set up costs, 15 of them found digital technology uncomfortable and one person faced a language barrier. 38 of them didn't face any issues.

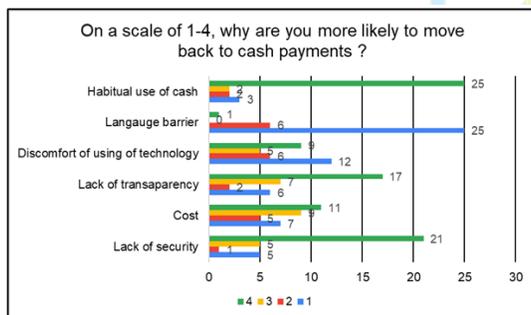
USAGE OF DIGITAL PAYMENTS AFTER THE PANDEMIC:

1) After the pandemic preference of payment:



To find out the preference of mode of payment after the pandemic ends, this question was asked. And it was found out that the majority of the people (55) stuck towards the neutral decision. The second majority of 54 people disagree about moving back to cash payments and the rest 32 people are going to use cash after the pandemic ends. To further question and understand their choice of decision separate questions were asked to groups.

2) Question asked to the people who chose Agree and strongly agree.



3) Question asked to the people who chose Disagree and strongly disagree.

INTERPRETATION: The findings of the survey were observed carefully and the following interpretations were made

1) When tested on the awareness of different payments, it was found that only 14% were aware of more than 5 types, and most of the people were not aware of Aadhar Enabled Payment System, USSD, and Micro ATMs. This again implies to the usage of digital payments, where most people are using banking cards and digital wallets. This shows that people of the urban areas are more inclined to bank cards, wallets, mobile banking, and others and are not aware of government-facilitated digital payments.

2) The benefits according to the people during the pandemic are ranked as Faster Mode (123 people), Convenient (122 people), and Helps maintain social distancing (119 people). Although the people are well aware of the major benefits, nearly half of them are not aware of the other two benefits of helping to track expenses and safety and security that can't be provided by cash payments.

3) Out of the 141 people, a majority of 95.7% of people used Digital payments during the pandemic and 92% of the people preferred it over cash payments.

4) Majorly used for different purposes out of which the most common ones were online shopping, food delivery services, payment of bills, and purchasing groceries.

5) When it came to the mode of payment according to the transaction value it was observed that cash payments are more preferred for values below 500 and gradually decrease as the value of the transaction increases. Whereas digital payments are less preferred for transaction below 500.Rs and gradually increases with the increase in the value.

6) Majority of the people are well aware of the security practices that have to be followed but the other practices like checking transaction history frequently and changing PIN and password regularly should be also given importance to decrease the chances of being a victim to security issues. When asked about their experience with digital payment fraud, a majority of the people have witnessed and heard about digital payment fraud.

7) Most people are facing challenges in digital payment transactions, mainly due to a Lack of internet connectivity and security concerns. The language barrier was a problem only for one person, as the sample population people are well educated.

8) Out of the 141 people 38% of the people are likely to use digital payments even after the pandemic. A minority of 32% is going to shift to cash payments and about 39% of them have a neutral decision showing that they want to use both the transactions after the pandemic.

9) The reason behind the 32% of the people, who want to shift to cash, is mainly due to the habitual use of cash, lack of transparency, and security. Whereas a few of them want to shift due to difficulty using technology and the cost of set up. The reason behind the 38% of the people who want to stick towards digital payments is mainly due to ease and convenience; trust and safety and tracking of expenses.

CONCLUSION

During the pandemic, people utilized digital payments when they were encouraged to use contactless payments, and the volumes of digital transactions increased. It is expected that India's digital payments business would increase by more than 300 percent by 2025. Keeping in mind major trends set in the future such as the introduction of the RBI digital currency which is expected to revolutionize the digital payment sector; several improvements are to be seen. Although digital payments are convenient, people are still using cash for low-value transactions ranging from 0-to 1,000 and by nature like to stick towards cash payments because of the habitual practice and the sense of ownership over physical cash. This is posed as one of the main challenges of building a cashless economy using digital payments along with spreading its use in rural areas. Another challenge that is considered major is

the cases of identity theft and digital payment frauds which were faced during the pandemic. When the survey was conducted it was also found that 23% of the people are more likely to shift to cash payments due to the above reasons. These kinds of people have to be educated about the other benefits of digital payments which include, helping track expenses, ease in budgeting. These challenges have to be overcome for digital payments to become the future of India and build a cashless economy.

