

Digital Payment: The Future of Payment in Pandemic Covid-19

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Abstract

As our new financial year commences, the novel coronavirus (COVID-19) has spread more than 200 countries. It has affected all humanity, lifestyles, businesses, and economies. During the coronavirus crisis, digital payments have been keeping economies running and helping people reduce contact with virus. Use digital payment options, avoid social contact and manage their financial transaction. Thus, this article is intend to study repercussions of coronavirus on payment system of Indian economy and to highlight the impact on consumer behavior to use digital payment, Challenges and Remedies, which India can be benefited in the post pandemic period.

Keywords: Digital payment, Cash, Global, Economy, COVID-19

Introduction

The ongoing spread of COVID-19 the global economy and financial markets was facing lot of treats. To wake of the coronavirus, many countries include India Across the globe, is taking several measures, including a nationwide lockdown; limiting movement of the entire population; shutting down public places and transport; and urging the public to stay indoors, maintain social distance, and work from home to limit the spread of infection. The resulting economic disrupted manufacturing supply chain and the short term decline in activity for businesses, large and small, considerable. Financial market was also strain in this pandemic.

With economic growth expected severely hit, the financial outlook of the digital payments sector is no different and will follow a similar trajectory, at least in the short term. But The industry's stability and potential for innovation will play an invaluable role in rebooting the economy in the new normal.

The Indian economy is largely depending on cash. After spread of corona virus citizen were facing cash limitation, transmission of cash and keep distances each other. According to a study Doremalen et al (2020) finds that Covid-19 can persist for three hours in the air, 24 hours on cardboard and even longer on other hard surfaces. The fact that the virus survives best on non-porous materials, such as plastic or stainless steel, means that debit or credit card terminals or PIN pads could transmit the virus too. "Physical cash handling as a daily routine is being considered as a major cause of concern for risk of contamination," said Mandar Agashe, the Founder of Banking Technology provider Sarvatra Technologies. Moreover, experts said after touching cash or other objects wash your hands to reduce the risk of transmission (see references in King and Shen (2020)). On this reason, People were faster adaptation of alternative method of digital payment system. However, not all digital modes of payment are safe. For instance, using debit & credit cards, ATM and point-of-sales (POS) terminal for transactions generally require a signature or a PIN entry at a merchant owned device for larger transactions. Contactless card payments and Mobile payment those are popular in several countries. Government of India and RBI also promote to using digital payment but large consumer still may be distrust to use mobile payment.

Objective of the Study

1. Understand the consumer's behavioral intention to adapt digital payment in Covid-19 crisis.
2. To identify the factors are affecting consumer's behavioral intention towards digital payment.
3. To find out the problems faced by people in making digital transfers.
4. To suggested the possible remittance for consumer readiness for using digital payment in post corona virus.



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Review of Literature

A review of literature was conducted to understand the concept of digital payment, its importance in corona virus, its impact on consumer behavior, risk, challenges for using digital payment. And how its help for not spread to corona virus and make social distancing.

Hampshire(2017) found that UK consumers have more concern about risk, trust and perceived usefulness of mobile payments with sequential mixed methods. Technology, security risks and lack of PIN authentication mobile payment interest is negatively influenced by UK consumer perceptions.

Yang,Liu,Li and Yu(2015) analyze that various uncertainties result in different perceived risk dimensions that hinder mobile payment (m-payment) acceptance. Perceived financial risk, privacy risk, and performance risk were found to have salient impacts on the perceived value and acceptance intention of consumers. The important determinants of perceived risk verified, including perceived information asymmetry, perceived technological uncertainty, perceived regulatory uncertainty, and perceived service intangibility.

Sharma and Kaur (2016) Mobile technology is transforming the banking industry in worldwide by providing convenience to banking customers and offering new services to the unbanked customers in emerging market of India.

Kovács and David(2016) analyze that regulations on the security of electronic payments, payment innovations and their vulnerabilities and discussing the recommendations elaborated by the European Forum on the Security of Retail Payments.

Argent, Hanson and Gomez (2013) found that expansion of mobile money could give benefit to low income and rural population of Rwanda. Now Rwanda becomes joined East African countries in the dynamic mobile money industry.

Phonthanukitithawornv ,Sellitto and Fong (2016) found that mobile payment services in Thailand was determined by basic four factors – compatibility, perceived trust, subjective norm and perceived risk to understanding consumer behavior in regards to financial m-payments.

Rachna (2013) identify the issues and challenges of electronic payment systems. Successful implementation of electronic payment systems depends on how the security and privacy dimensions perceived by consumers.

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Factors Affect to Affected payment towards Consumer**Perceived Risk**

According to (Tan and Lau, 2015; Phonthanukithaworn and Fong, 2015) Perceived risk refers those loses which include unfavorable results to consumers and expectation of loss is perceived risk (Mitchell, 1998). In fact, consumers handle various type of risk such as performance risk, financial, psychological, privacy, social and physical risk. These risk factors was useful to better understand E-services adaptation (Featherman and Pavlov, 2002; Kabir, 2013). **Indian consumers** have low awareness of online security risks (Shina,Majra,Hutchins and Saxena,2018). Research by (Fan, Shao, Li and Huang2017) a comparative study between China and USA consumers to understanding their attitude toward mobile payment use with 186 Chinese and 196 Americans and found that impact on perceived risk on trust is higher than in the USA. Various researchers have found that perceived risk has a directly negative effect on consumer’s intention to use of digital payment.

Perceived Ease to Use

According to (Davis, 1989) Perceived ease to use refers to “the degree to which a person believes that using a particular system would be free of effort”. In addition, Due to specific character of mobile banking which requires a certain level of knowledge and skill so perceived ease to use could play an important role to know the consumer intension to use innovative technology (Alalwan, Dwivedi, Rana and Williams, 2015). Mobile payment may involve various steps such as installation,

registration with service provider and authorizing the transaction, some people find difficulty and complicated to conducting a payment transaction through a mobile device (Phonthanukithaworn and Fong, 2015).

Perceived Usefulness According to (Davis, 1989) Perceived usefulness refers to “the degree to which a person believes that using a particular system would enhance his or her job performance”. Its means consumers believe that using mobile payment services will increasing their efficiency and productivity to doing payment transaction. Perceived usefulness is important factor in mobile banking adaptation (Hampshire, 2016). Its reflects on consumer’s cognitive evaluation of the superiority of mobile payment services (Wu, Li and Huang, 2017).

Perceived Trust Trust can be defined as the “willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trust or irrespective of the ability to monitor or control that other party” (Mayer 1995). Perceived trust refers to one’s belief that all stakeholder who involve in mobile payment, such as banks, service providers and other users, will behave appropriately to improve the mobile payment system. The innovation diffusion theory view of innovation decision process posits that instilling perceived trust in consumer towards an innovation can be a vital promotion activity in pre adaptation stage. (Phonthanukit Thaworn , 2015) found that trust was an important factor to influencing a consumer’s behavioral intention to adopt mobile payment services.

Technology Readiness Individuals’ traits and experiences influence consumers’ technology adoption decision (Rogers, 2003). When consumers engaged in services their attitudes contributed to their technology adaptation propensity. A wide range of positive and negative reactions to technology may coexist (Sinha et al., 2019). High technology result in feelings of greater self-efficacy with regard to technology use (Venkatesh and Davis, 2007).

Issues and Challenges Regarding Electronic Payment System

Lack of Security Lack of security is a major barrier in online payment systems. It has an easy target of IT thieves.Consumer want to safe and secure digital payment without any deception by hackers, Money laundering & financial terrorism, Operating risk, Consumer protection and personal data. User and non-user knowing that digital payment increase their ability to work and avoid social contact but due to all these security, issue people not prefer digital payment. Digital payment provider and government should be ensure to provide general security norms of any secure messaging system, confidentiality, integrity, non-repudiation e- payment (Misra and Wickamasinghe, 2004).A study identified security, complexity, premium pricing and perceived risk factors was usefulness to better understand E-services adaptation (Featherman and Pavlov, 2002; Mallat, 2007; Kabir, 2013).

Lack of Awareness & Financial Literacy Lack of awareness and financial literacy are major hurdle in digital payment because consumer not know about what type of services provided by the e-provider and what is the best option to avail these services. Sometimes many consumers want to use the digital payment app but due to technical problem in server customers fails to do payment. As a result, they avoid it and move to traditional payment. Government and services provider need to do proper promotion about their services & benefits start different campaign and encourage using digital payment.

The lack of a Clear Regulatory Framework and Grievance Redresser Lack of clear regulatory framework is also another cause not use in digital payment. Digital money providers need to know and understand the expectations of regulators, including activities that permitted, required, and prohibited. To create necessary assurance mechanisms for fraudulent transactions wherein, in case of a fraudulent transaction, the money will be credit back to customers’ account, blocked, and subsequently released after the investigation is complete, within short time.

Pervasiveness	Cash is accepted everywhere. Digital payments are not yet anyway. It will become much harder for people to avoid it in the future with the economic goals set by the government.
Friction	Cash is an immediate transfer of value. Digital payments, despite recent developments, still involve more steps than exchange of cash. If you can count it in your hand, - its real - is the mindset of some consumers. It is also cultural.
Remittances	
Simplified due diligence (KYC)	In epidemic coronavirus, there are two main approaches to addressing CDD-related impediments. The first approach is to relax CDD (KYC) requirements and compensate for the residual risk by restricting account functionality. This is referred to as simplified due diligence (SDD) or know-your-customer (KYC). The second approach is to allow approved for online complete their KYC, known as e-KYC.
Relaxation of authentication	Initially, the Reserve Bank of India (RBI) mandated the use of multi-factor authentication for all payment networks. In novel corona virus, relaxed the requirement of additional factor of authentication for low value online transactions.
Zero Charges	All banks should announce zero charges on digital transactions. Like Bank of Baroda, the second largest bank in India announced in a statement that would implement zero charges on digital transactions for three months. The bank said this was to provide an enhanced and uninterrupted banking experience to its customers as it launched its ' Stay Safe..Bank Safe '.
Incentive for adaptation	Cash back and discounts are most widely used for promoting new financial technology and payment processes. Based on a 2005 national survey of 2,961 individuals using cards, Carbó-Valverde and Liñares-Zegarra (2011) found that cash back rewards were more effective to foster the use of credit cards than discounts.
Consumer support	Digital payment providers and banks should provide a toll free Common Call Center number for consumer support system for 24x7. A customer would ring that number and thereafter diverted to the concerned by providers.
Customer relief and remediation	Digital services provider should make a comprehensive policy for Customer Acceptance, Customer Care and Customer Severance.
Conclusion	<p>Past several years has witnessed the growth of E- commerce. E-Commerce enables a new mode of information exchange, shopping and travel services through electronic device. Digital payment is an important part of mobile commerce. Digital payment is a financial exchange between two parties using technology, no need physical cash or cheques. It includes debit card, credit card, smart card, e-wallet, payment banks and mobile payment etc. The risk to the online payments is theft of payments information, personal data and fraudulent rejection on the part of customers. In addition, lack of awareness a big barrier to use digital payment. Government, services provider and telecommunication ensure to provide an infrastructure with strong security system to consumers. In novel corona virus, secure mobile transactions bring opportunities for potential growth exists. The successful implementations of digital payment systems depends on how the security & privacy and trust dimensions perceived by consumers as well as providers are popularly managed , in turn would improve the market confidence in the system.</p> <p>In short, this Pandemic Covid-19 is a story with an uncertain ending. However, this clear that it has introduced new challenges to the human life, business environment and economy, which call for a measured, practical and informed approach from government, services provider and business leaders. Government, services provider and telecommunication took necessary step to remove obstacles for use digital payment. In addition, all citizen need to understand is that our careless actions have consequences, not only for us, but also for others. So being aware and adopt new technology and prepare themselves post COVID- 19. Stay Safe</p>

Scope of the Study

Technology is a driving force in the global age and is taking over in every way..It has proved resilient and reliable, as they have in earlier crises and now corona virus. We know that due to this crisis, the economic suffered with drop and affect payment economics. For economic growth and avoid financial crisis digital payment is a best way of payment as it makes it easier for consumer to access their finance, even from rural and remote areas.

The COVID-19 pandemic may prove to be the needed catalyst for change. The pandemic has fostered electronic shift in the behaviors and preferences of consumers, education and businesses, prompt industry initiatives and doing efforts to address the prevailing gaps in consumer reach to financial services.However, large consumer still may be distrust to use digital payment.

In this study, try to find what factors affect influencing consumer's intention to adopt digital payment in corona virus crisis. These insights are especially valuable for economist, policy maker, and payment service provider to identify and understand the key factors, issues that can affect consumer readiness behavior to adopt mobile payment.

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