



Impact of COVID-19 on online payment preferences by customers

J Saujanya, Supriya N

Faculty, Department of Commerce, St Ann's College for Women, Mehdiapatnam, Hyderabad, Telangana, India

Abstract

The major step for digitizing India was demonetization of 500 and 1000 rupee notes by the Government in 2016. Even though it was criticised, it resulted in increasing India's digital economy. Moreover with the outbreak of COVID – 19 pandemic and subsequent lockdown, shopping moved online which further boosted the online payments. It is estimated that there would be tremendous growth in mobile payments. The statistics show that nearly 660 million Indians make mobile payments as such India contributes about 2.2 percent of the world's digital payment market. The present study focuses to analyse why the customer prefer online payments rather than cash payments.

Keywords: online payments, digital payments

Introduction

The government's effort to support digital payments resulted in discount for using mobile payments. It benefited Non banking companies like Google pay, Paytm etc and also customers with cashless and time saving transactions.

To provide these facilities to all Indians, Jan Dhan accounts were created as part of the Pradhan Mantri's Jan Dhan Yojana. The Government in cooperation with the NPCI has taken many initiatives such as BHIM and RuPay for providing mobile payment facilities, specifically in rural areas, Aadhar linked accounts was an essential change in the policy framework for digitizing India. Financial institutions are also experiencing an explosion in digital payments. In order to provide seamless payment services during COVID-19 crisis, banks require to scale up digitalisation initiatives, upgrade infrastructure to support growth in digital payments, set up cyber security, cyber surveillance and financial crime controls. Despite these positive steps by the Government and financial institutions, India lacks the infrastructure to become cashless economy.

In future, mobile commerce is set to become the primary method for online shopping in India. 46 percent of the transaction are through mobile phones and is expected to expand at an annual growth rate of 31.2 percent to reach a value of \$ 49.8 billion by 2021.

Objectives

- To study the reasons for preference for online payment by customers.
- To analyse the impact of COVID 19 on online shopping.
- To study the most preferred method of online payment by the customers.

Research Methodology

The study is descriptive in nature, both primary and secondary sources of data were used. Primary data was collected through self constructed questionnaire. A sample of 100 respondents was taken for the study. The secondary

data was collected from journals and websites.

Limitations

- The study is totally based the responses given by the respondents.
- The study is restricted to the sample size of 100 respondents who were contracted with in the time frame of 1 month.
- The study is restricted to the twin cities of Hyderabad and Secuderabad

Literature review

- In this paper "A Study on usage of e -payments for sustainable growth of Online Business" by Prof. Sana Khan & Ms. Sherya Jain (2018), the authors mentioned that technology has changed the consumer behaviour pattern towards purchasing and utilizing the product or services which made the customers to browse products using different online payments that in turn develop trust and loyalty towards products and payment platforms. The authors also stated that the use of biometric along with Internet of things and Artificial Intelligence will help consumers authenticate the purchase or bill payment through the finger print or a retina scan and also help to detect online fraud.
- In this paper titled "A Compendious study of Online payments systems: Past development, present impact and future considerations "by Mr. Burhan Ul Islam Khan, Ms. Rashida, Ms. Asifa Mehraj Baba, Mr. Adil Ahmad & Mr. Shahul Assad (2017), the researchers stated that an evolutionary succession has been witnessed in the payment methods from cash to cheque, to credit card and debit cards and currently to electronic commerce and mobile banking. The researchers also state the online payment methods are increasingly being used for making daily payments.
- In this paper "Impact of COVID 19 outbreak on Digital payments by Ms. Sudha .G, Mr. Sornagesh .V Mr. Thagajesu Sathish and M. Chillana AV (2020), the authors mentioned that definitely COVID 19 has already set a trend towards increased digitisation of

payments and also the Government has asked banks to encourage their customers to use digital payment methods as a precautionary measure against Carona virus outbreak.

- In the paper titled “ Digital payments and consumer experience in India–A swing based empowered study” by Ms. Sudiksha Shree, Mr. Bhanu Pratap, Mr. Rajas Saroy and Mr. Sarat Dhal (2020) , the researcher through their study observed that the perception about digital payment instruments affects the payment

behaviour of an individual. Digital payments are not only driven by a positive outlook but also a negative outlook on cash. They also mentioned that digital adoption is expected to increase to increase in line with the overall socio economic development of the population. The digital payments have also increased due to the fear of contacting COVID -19.

Analysis

Table 1: Impact of COVID – 19 on online shopping

	Strongly agree (%)	Agree (%)	Neither agree not disagree (%)	Disagree (%)	Strongly disagree (%)
I am shopping much more online due to not being able to access high/main street stores	9%	33%	15%	35%	7%
I am shopping more online due to needing new products that I would not have needed if it was not for covid-19	7%	36%	15%	33%	9%
I would like to shop more online but I am concerned about items not being delivered on time	8%	33%	15%	37%	6%
I would like to shop more online but I am concerned about the health and safety of delivery services	8%	37%	17%	31%	8%
I would like to shop more online but I am concerned about being scanned by online businesses that I am not familiar with	8%	34%	15%	36%	7%
Covid-19 is having no effect on the volume of online shopping I am doing	7%	36%	15%	33%	9%
I am shopping online now for the first time	14%	25%	17%	37%	8%
I am shopping less online currently due to financial uncertainty	8%	33%	18%	28%	13%

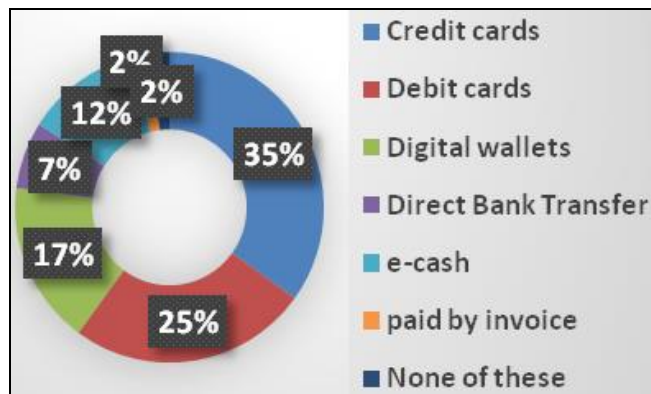


Fig 1: Online Payment Method used before COVID-19

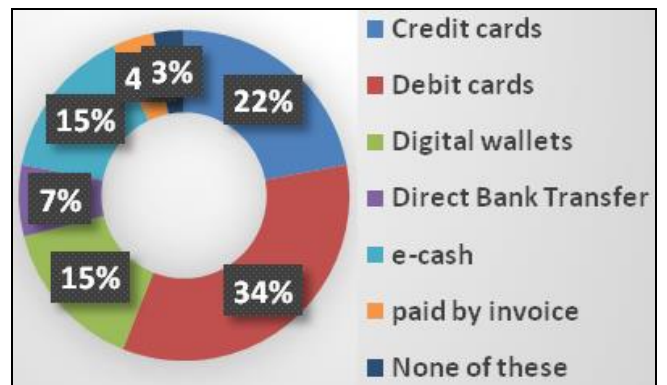


Fig 2: Online Payment Method used during the outbreak of COVID-19

Table 2: Considerations for online payments during COVID – 19

Protection against loss from fraud	16.7%
My financial data is kept secure from the threat of fraudsters.	19%
Cost (if it is free to use).	2.4%
Easy to get a refund.	4.8%
Speed of completion.	16.7%
An easy user experience at the online checkout.	4.8%
Familiarity and a positive impression with payment method.	9.5%
Guaranteed acceptance	2.4%
My online purchasing history is kept private from my bank.	7.1%
Reward program	2.4%
None of the above	16.7%

Table 3: Opinion regarding online payment

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
Cash is the most reliable form of payment in a crisis.	43%	20%	9%	17%	11%
I would be worried if I could no longer access cash.	11%	18%	13%	31%	27%
If it was easy, I'd like to buy products online with cash.	28%	2%	20%	33%	15%
I would shop online more of I could pay with cash easily.	10%	23%	26%	19%	22%
I am currently worried about handling cash.	22%	18%	10%	14%	36%
Due to health and safety concerns, I will be reducing my usage of cash in the future.	5%	6%	16%	42%	31%
I would rather share my financial details over the telephone than pay with cash upon delivery.	14%	10%	22%	36%	18%

Table 4: Reason for Online payments

	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree
Contactless payments are more convenient than cash.	18%	16%	20%	29%	17%
I am happier to use a contactless card than I was a year ago.	2%	20%	33%	31%	14%
Mobile wallets are more secure than contactless cards due to biometric payment authentication.	10%	23%	26%	19%	22%
Contactless is preferable to mobile wallets because I am concerned about my phone being stolen.	18%	14%	18%	32%	18%
The time for contactless card payments should be raised further.	22%	18%	10%	14%	36%
As I have a mobile wallet, I see no need for contactless cards.	3%	33%	25%	21%	18%
I will be using contactless payments more in the short term due to health and safety concerns around cash and chip and pin machines.	14%	10%	22%	36%	18%
Using contactless payments more during covid-19 has made me more comfortable with this payment method for the future.	5%	6%	16%	42%	31%
Using contactless payments during covid-19 has made me more comfortable with the concept of cashless society.	10%	23%	26%	19%	22%

Findings

- From the above study we can interpret that the impact of COVID -19 is more on online shopping as 40% of the respondents prefer online shopping because of easy access, health and safety aspects.
- 25% of the respondents are doing online shopping for the first time because of the pandemic.
- 40% of the respondents have agreed that they reduced buying items online currently due to unexpected financial crisis.
- Before and during COVID- 19, credit cards and debit cards are mostly used for making payments compared to other modes of payments.
- 16.7% of the people are concerned about security against fraud while doing online payment.
- 16% of the respondent prefer online payment because of the speed of completing the transactions
- 50% of the respondents feel that cash is not a reliable form of payment during this pandemic.
- 36% of the respondents strongly agree that they are worried about handling cash and 31% of the respondents feel that usage of cash would reduce in future due health and safety concerns.
- 50% of the respondents are comfortable paying online and sharing their financial data rather than paying cash on delivery.
- 40% of the respondents believe that mobile wallets are more secure due to biometric payment authentication, where as others feel that contactless cards are preferred due to the fear of mobile phones being stolen.
- 70% of the respondents feel that contactless payments are more comfortable method of payment during COVID – 19 and would increase in future.

References

1. <https://www.statista.com>
2. <https://www.met.edu>
3. <https://www.researchgate.net>
4. <https://link.springer.com>