Management

Digital banking in the post-covid era: An analytical study from Port Blair, South Andaman

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Abstract

The COVID-19 outbreak represents a significant challenge to the global economy and financial systems. In response, India implemented preventive measures, including nationwide lockdowns and restrictions on public movement, to curb the virus's spread. These measures, essential for public health, resulted in substantial economic disruptions and a decline in business activity across various sectors. Access to essential goods and services, particularly food and medicine, became vital, with financial transactions playing a key role in daily life. E-banking emerged as a crucial solution by facilitating digital transactions without physical contact. It allowed users to conduct various financial activities such as fund transfers, balance inquiries, bill payments, and mobile recharges through internet-enabled devices, ensuring continuity in financial operations while adhering to social distancing. This paper investigates the impact of COVID-19 on e-banking services with a specific emphasis on Port Blair, South Andaman, and explores the digital payment methods adopted during the pandemic to facilitate safe and efficient financial transactions.

Keywords: Mobile Banking, Internet, Covid-19, Lockdown, Digital Payment

Introduction

Coronavirus disease 2019 (COVID-19) is an infectious illness caused by the novel coronavirus Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), first identified during a respiratory illness outbreak in Wuhan, Hubei Province, China. The World Health Organization (WHO) was informed on December 31, 2019, leading to a declaration of a global health emergency on January 30, 2020, followed by a pandemic classification on March 11, 2020, marking the first global pandemic since the H1N1 influenza outbreak in 2009.

Common symptoms include fever, cough, respiratory distress, and shortness of breath. Severe cases can result in pneumonia, acute respiratory syndrome, kidney failure, and death. Preventive measures advocated include frequent handwashing, proper respiratory hygiene, cooking meat and eggs thoroughly, and minimizing close contact with symptomatic individuals.

COVID-19 in India

The COVID-19 pandemic in India is part of the global outbreak caused by *SARS-CoV-2*. The first confirmed case was reported on January 30, 2020, in Kerala, among medical students returning from Wuhan, China. India subsequently witnessed one of the largest case counts in Asia. Lockdowns were imposed in Kerala on March 23, 2020, and nationwide on March 25, 2020.

By mid-May 2020, cities such as Mumbai, Delhi, Ahmedabad, Chennai, and Thane accounted for nearly half of the reported cases. The second wave, beginning in March 2021, was far more severe, marked by shortages of vaccines, oxygen cylinders, hospital beds, and essential medicines. On April 30, 2021, India became the first country to record more than 400,000 new cases in a single day. The national vaccination programme began on January 16, 2021, using Covishield, Covaxin, and Sputnik V vaccines, with millions of doses administered daily by April 2021.

Online banking

Online banking, also known as Internet or web banking, enables users to perform financial transactions over the Internet. It provides nearly all traditional banking services, such as deposits, transfers, and bill payments, through desktop or mobile platforms.

Understanding online banking

To utilize online banking, customers must have a compatible device, an active Internet connection, and must complete registration on the bank's online portal.

- **Convenience:** Online banking offers significant convenience by enabling customers to perform most transactions remotely, eliminating the need to visit a physical branch
- **Requirements:** To utilize online banking, customers must have a compatible device, an active Internet connection, and must complete registration on the bank's online portal.
- **Services offered:** The services provided through this platform include fund transfers, bill payments, account openings, and applications for credit cards.

- **Mobile deposits:** Many banks have introduced mobile deposits, allowing customers to deposit checks through their mobile applications by simply uploading images of the checks.
- **Limitations:** It is important to note that some services, such as wire transfers and mortgage applications, still require in-person verification, limiting the full accessibility of online banking for certain transactions.

During the COVID-19 pandemic, one of the primary strategies for containing the virus was to minimize physical contact. In response, many banks adapted by reducing their branch operating hours and actively encouraging customers to utilize online banking channels. To facilitate this shift towards digital banking, financial institutions engaged in various promotional activities. They spread awareness about the benefits of online banking, shared educational tutorials to help customers navigate digital platforms, and upgraded their remote transaction capabilities. This emphasis on digital platforms underscored the advantages of online banking, such as its 24/7 accessibility and the real-time convenience it offers to users.

Review of literature

- **Duvvuri Subbarao (2016):** Highlighted the government's continuous efforts, along with the RBI, to transition India toward a less-cash economy by encouraging electronic payments.
- **Dr. V. Sornaganesh & Dr. M. Chelladurai (2016):** Examined the impact of demonetization on financial technology and payment services, emphasizing how digital transactions increased during the liquidity crisis.
- **G. Sudha & Dr. V. Sornaganesh (2019):** Found that demonetization significantly influenced consumer behavior, increasing reliance on mobile and Internet banking.
- **G. Sudha & M. Thangajesu Sathish (2020):** Reported that retailers widely adopted digital payment methods post-demonetization.
- **M. Thangajesu Sathish, R. Sermakani & G. Sudha (2020):** Suggested that while cash cannot be entirely replaced, trust and ease of use drive the adoption of mobile wallets.
- **Sreelakshmi & Prathap (2020):** Emphasized that awareness campaigns and online literacy programs enhance adoption of mobile banking during health crises.
- **Lakshmi, Gupta & Ranjan (2019):** Identified UPI payments as the most preferred digital method due to improved security and convenience.

Research Objectives

- To examine the role and importance of e-banking during the COVID-19 pandemic.
- To assess the impact of COVID-19 on e-banking services in daily business transactions.To study customer perceptions toward e-banking usage.
- To understand the transition from physical to mobile banking during COVID-19.
- To explore how e-banking supports social distancing policies.

Research Methodology

- **Primary Data:** Collected through a structured questionnaire from 50 respondents in Port Blair, South Andaman District.
- **Secondary Data:** Obtained from newspapers, magazines, and credible websites.

Duration of Study: February 2021 – May 2021.

Limitations of the Study

- Some responses may be biased or incomplete.
- Certain respondents were reluctant to share accurate information, affecting analysis accuracy.

Modes of Digital Payments

- **Bank Cards:** Include debit, credit, and prepaid cards with enhanced security features such as PIN and OTP.
- **Unified Payments Interface (UPI):** Integrates multiple bank accounts into a single mobile app for seamless peer-to-peer transactions.
- **Mobile Wallets:** Allow users to store and use digital money through apps like Google Pay, PhonePe, Paytm, and Freecharge.
- **Internet Banking:** Enables customers to conduct financial operations via bank websites.
- **Mobile Banking:** Offers remote banking through mobile apps for various financial transactions.

Effect of COVID-19: Rise in Digital Transactions

The COVID-19 pandemic significantly boosted the uptake of contactless payment solutions, particularly the Unified Payments Interface (UPI) in India. A substantial portion of total UPI transactions, specifically ₹14.26 lakh crore, was recorded between March and August 2020, marking a pronounced increase in activity post-lockdown. While April 2020 experienced a brief dip in transaction volume, the overall figures still eclipsed those from April 2019, with UPI transactions reaching ₹1.51 lakh crore compared to ₹1.42 lakh crore the previous year. Furthermore, the average number of daily UPI transactions surged from 3.33 crore in April to 5.22 crore by August 2020. This surge underscores a growing consumer inclination towards digital payment platforms, driven largely by the necessity of adhering to social distancing measures during the pandemic.

Table 1: Average daily transactions

Month	No. of transactions (2020)	Average no. of transactions/day (2020)	No. of transactions (2019)	Average no. of transactions/day (2019)
August	161.883	5.22	91.835	2.96
July	149.736	4.83	82.229	2.65
June	133.693	4.45	75.454	2.51
May	123.45	3.98	73.354	2.36
April	99.957	3.33	78.179	2.60
March	124.684	4.02	79.954	2.57

Source: *NPCI,* ***Data visualization:*** *A J Vinayak*

In the post-lockdown scenario, the demand for contactless payments went up by young customers. Stating that many of these customers prefer avoiding the usage of currency notes post-pandemic, he said one of his customers even made the arrangements for QR code-based UPI transactions at his shop. Terming this mode of transaction as a new beginning for him in the post-Covid world, he said some of his old customers, who were paying in cash, are also using UPI now.

Table 2: User safety of online banking during covid-19 virus pandemic

Particulars	Max. satisfaction	Actual satisfaction	%
Using Online Banking for Payment of Bills	10	8.2	82%
Using Online Banking for Mobile and DTH recharge	10	8	80%
Using Online Banking for payment of Online Shopping/online food purchase	10	8.7	87%
Using Online Banking for payment of offline purchase on shop	10	5	50%
Transfer of Cash for other works	10	7	70%
Average	10	7.38	73.8%

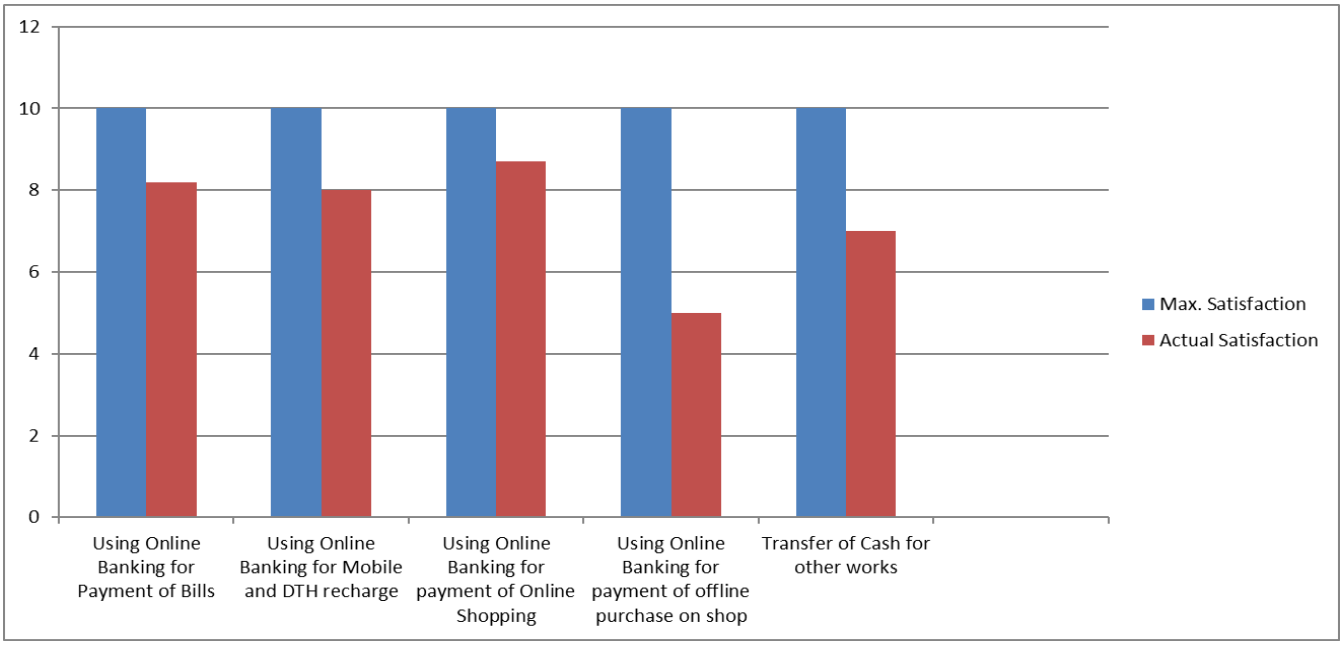


Fig 1: User safety of online banking during covid-19 virus pandemic

Conclusion

The document emphasizes the increasing momentum among consumers towards digital payments and online banking, which is backed by a strong technological and institutional framework. It highlights that today's consumers possess a better understanding of both the advantages and drawbacks of various digital payment platforms, indicating a more mature market landscape. To further enhance India's journey towards becoming a less-cash society, the text advocates for a strategy that empowers users instead of just promoting the features of products. This empowerment can be achieved through practical guidance on how to use digital payment systems, providing easily accessible helplines for support and education, and implementing robust security measures to ensure safe transaction processes. Importantly, the adoption of digital platforms has progressed beyond early adopters, reaching mainstream users, and even lower-income groups are increasingly engaging in this digital shift, highlighting its broadening appeal across diverse demographic segments.

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