IMPACT OF COVID19 ON THE EVOLUTION OR ACCEPTANCE OF DIGITAL PAYMENTS IN INDIA

Project report submitted in partial

Fulfillment of the requirement for the

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MASTER OF BUSINESS ADMINISTRATION (MBA)

Submitted By

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DECLARATION BY THE STUDENT

I _____ hereby declare that the project report titled "**IMPACT OF COVID19 ON THE EVOLUTION OR ACCEPTANCE OF DIGITAL PAYMENTS IN INDIA**" submitted in partial fulfillment of the requirements for the Master of Business Administration (MBA) degree at **Manipal University**, is my original work. This report has not been submitted previously for any degree, diploma, or certificate at any other institution. I have acknowledged all sources of information used in the report and have conducted this research ethically and with integrity.

Signature:

Name:

ACKNOWLEDGEMENT

Apart from my efforts, the success of my project depends largely on the encouragement and guideline of many others. I take this opportunity to express my gratitude to the people who have been instrumental in the successful completion of this project.

I am gratefully indebted to our esteemed guide **(Name of the Project Guide)** for his / her sincere guidance and priceless support which would have been impossible for us to complete this project.

I express my gratitude to the staff members of **MANIPAL UNIVERSITY** who directly or indirectly helped me. I would also like to express my sincere gratitude to all my office colleagues.

Finally I thank JAIN ONLINE for giving me this golden opportunity to do my Project Report.

Name of the Student

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ABSTRACT / EXECUTIVE SUMMARY

The primary focus of this research was the increase in digital payments in India during the time of pandemics. Without a question, the epidemic has hastened the adoption of digital payments, and financing options are growing quickly, allowing previously disadvantaged populations to participate on a massive scale. Digital and contactless payments saw a surge as people opted for safer ways to make financial transactions throughout the epidemic. The COVID-19 pandemic shutdown and related restrictions severely limited the movement of almost every individual in India. It is not surprising that digital payment use has skyrocketed during this period, given that many are stuck at home. Concerns about the transmission of the coronavirus via physical touch have led many to opt for electronic payment options rather than cash or others. The popularity of contactless payments has caused digital payments to revert to levels seen before COVID-19. Key providers of cashless payment methods, such as Apple, PayPal, and Square, have also seen extraordinary success due to the unanticipated spike in demand for contactless payment methods. takes it as proof that online payment systems are becoming more than just "a nice-to-have feature to a necessary service." The need for social separation and the COVID-19 epidemic have put digital financial services in the spotlight. In addition to facilitating social distance, digital payment systems allow governments to more effectively distribute funds to people in need and make online payments and financing easily accessible to many families and enterprises. Rapid expansion of digital payment systems in times of crisis, without the necessary regulations and safeguards, may pose persistent threats to stability and integrity. However, efforts to increase the use of digital payment systems should not exacerbate user gaps that are currently there. Places that rely on people congregating and interacting, such as workplaces, malls, train stations, colleges, and airports, have been restricted due to the widespread use of lockdowns in response to the outbreak. Because of the lockdown, most people have started communicating, interacting, and working remotely via the internet and services that are based on it.

CHAPTER 1: INTRODUCTION

1.1 Research Background

Digital payments are essential in this epidemic. Digital payment methods are really being employed in the present situation, when individuals are forced to keep a physical distance. Many companies were severely ruined when the coronavirus emerged. Small business owners have lately shut down their establishments. Around the globe, a large number of individuals have lost their sources of income. The present status of the economy may be attributed to all of these issues. Nonetheless, digital payment options are rather beneficial in light of this grave situation. In India, the use of digital payments has grown since the epidemic. What India's shock protest, which employed digital payments for everything from utility bills to taxi fees, campaigned for four years ago will really be accomplished by the coronavirus pandemic.

In India, this means not just safer, cashless ways to allow people to separate during the outbreak, but also, eventually, a step toward financial inclusion that might help countries recover from the crisis faster. Debit, credit, and ATM withdrawals; electronic commerce payments; point-of-sale (POS) payments; digital banking payments and transfers; mobile money; remittances, and cross-border transactions are all considered forms of electronic

payments. Although banks play a significant role in the payment industry, payment service providers, payment gateways, and card firms dominate the market.

Retail digital payments decreased in April after a spike in COVID-19 infections that caused lockdown-like circumstances in certain parts of the country. The Unified Payments Interface (UPI), the main payment platform of the National Payments Corporation of India (NPCI), saw a 4.3 percent drop in transaction volume and a 2.22 percent drop in transaction value.

Payments innovation should be a part of the industry's crisis response.

In order to maintain business continuity and minimize customer disruption, banking and nonbanking companies in the global payments sector are modifying their operating models and offerings in response to the COVID-19 issue and government measures to control the virus's spread (lockdowns, for example).

Spreading knowledge about electronic payments

Businesses are employing a range of communication channels, including websites, social media, traditional media, and text messaging, to inform consumers about digital payments. Paystack provided companies with the information, tools, and processes they need to quickly go online for SMs. A number of payments In India, banks and businesses have reduced or eliminated transaction fees and are raising awareness of the variety of digital payment options available.

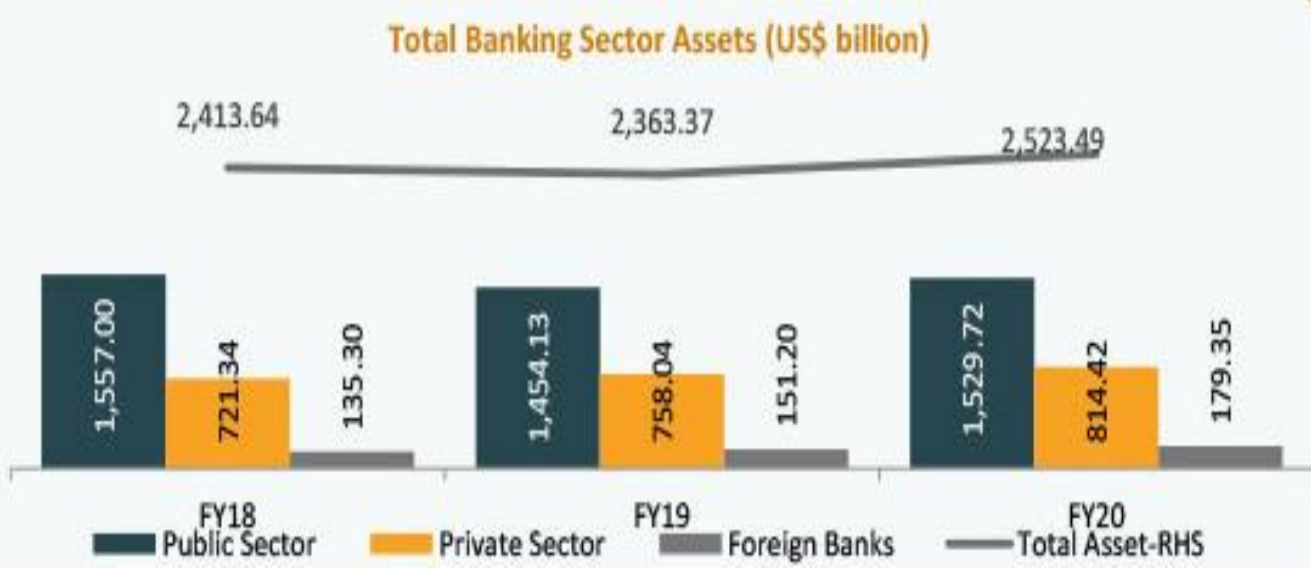
CHAPTER 2: INDIAN BANKING SECTOR

The Indian banking system has 94,384 rural cooperative banks, 1,542 urban cooperative banks, 20 public sector banks, 22 private sector banks, 44 foreign banks, and 56 regional rural banks in addition to cooperative credit institutions.

India's banking sector is now suitably regulated with the creation of the Reserve Bank of India (RBI). The nation's financial and economic situation is much superior than that of any other country in the world. In general, Indian banks have been robust and have done well throughout the global crisis, according to studies on loan, market, and liquidity risk.

The market's size

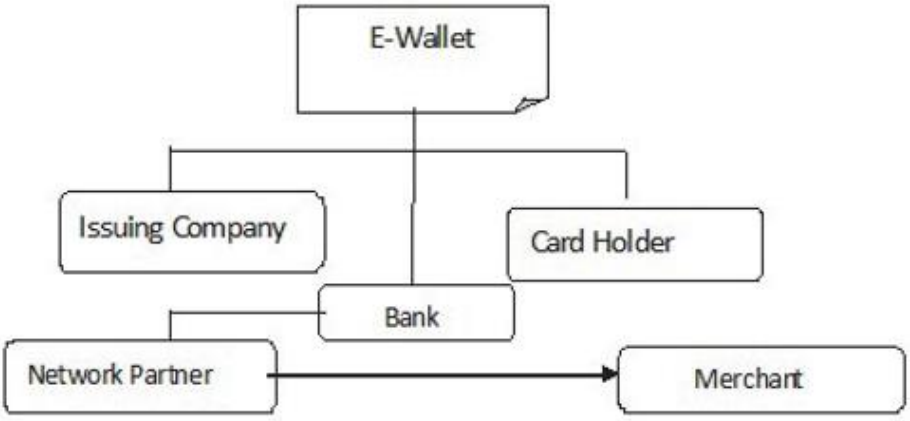
As of November 2020, there were 209,282 Indian financial institutions in total, including 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks, and 96,000 rural cooperative banks.



CHAPTER 3: REVIEW OF LITERATURE

E-Payment Application

One kind of electronic card that may be used for online transactions using a computer or smartphone is called a E-wallet. One may also argue that its application is similar to that of a debit or credit card. To make payments, the user's bank account must be linked to their ẗn E-wallet.



Other names for this technology include "m-wall," "digital wall," and "e-wall." The phrase "mobile wall" describes a technology that may be employed similarly to a physical wall. Additionally, companies that want to make it easier for their clients to buy their products online may do it with the help of the mobile website, which will boost sales.

Types of e-wallets

Types of E-wallets	Example	Date and Year of introduction	Type of promoter	Source
Open Wallet	i) M-Pesa by Vodafone, ii) Pockets by ICICI Bank iii) PayPal iv) Amazon Pay	i) Nov 7, 2014 ii) Sep 24,2013 iii) Dec 1, 1998 iv) Oct 8,2013	i) ii) Bank iii) PayPal Pte. Ltd iv)E-Commerce Company (Amazon)	i) ii)ICICI Bank iii) PYMNTS (2015), Paypal iv) Amazon
Closed Wallet	i)Flipkart e-wallet ii)Chase Pay iii)Walmart Pay iv)Google Wallet	i) ii) October 26, 2015 iii)First Half of 2016 iv)May 26,2011	i) Online- retailer ii) Banking business iii) Store (Walmart Stores Inc) iv) Technology (Google Inc)	i) ii) Morgan iii)Ramakrishnan et al. iv)Google Wallet Story
Semi-Closed Wallet	i)Paytm (Pay Through Mobile) ii) Mobikwik iii) Oxigen-Wallet iv) PayU v) Freecharge	i) 2010 ii) 2009 iii) 2004 iv)2002 v)	i) Privately Owned ii) iii) Oxigen Services Pvt.Ltd iv) Private (Nasper's Group (South Africa)) v)Bank(Axis)	i) Paytm Story ii) Agarwal (2013) iii) Oxigen iv) Dalal(2016) v) Variyar (2017)

1. Open WALLET: With this kind of wallet, customers may make purchases, send money, and withdraw cash from banks or ATMs. It was only possible to introduce these services in conjunction with a bank. It also makes it possible for its wide range of customers to send money to any mobile bank account. Only banks are allowed to issue these products.

2. Closed Wall: Commercial businesses often use this kind of moveable wall. Here, in the case that the order or gift cards are canceled or returned, a certain amount of money is locked with the seller.Flipkart, for example, e-wallet

3. Semi-Closed Barrier: With these wallets, we may shop and send virtual money to any other user on the same wallet network. These kind of wallets are rather frequent in India. Although it allows users to buy goods and services from the listed merchants, its disadvantage is that it does not allow cash withdrawals or redemptions. PATTM2, Mobikwik, and Mobile Payment Segmentation (Mobile Point of Sale, Mobile Banking, and M-Wallet) are a few examples.

The Indi Mobile Payment Market may be divided into three groups: mobile workstations, mobile point of sale, and mobile banking. In FY 2019, money transfers accounted for the bulk of the mobile banking segment's contributions to the Indian mobile payment industry.

CHAPTER 4: RESEARCH METHODOLOGY

Data Collection

A researcher may utilize primary, secondary, or both research methodologies to get the data, depending on the level of detail and coverage needed. For this particular study, the researcher collected data using both primary and secondary research approaches.

Primary data

The researcher has created a questionnaire in order to gather the main data.

Sample Size: 100

Target Respondents: UPI users/Customers

Researcher Area: Bengaluru-Delhi/NCR

Variable:

1.Ease of usage

2.Security of transactions

3.Privacy

4.Time saving

5.Service charges

6.Portability

7.Efficacy

Secondary data

Secondary data was gathered from the sources listed below:

- Websites,
- newspapers,
- magazines, online journals,
- project materials, and books

Research Instrument

A research instrument is a device that is used to test variables, traits, or information of interest, usually behavioral or psychological traits. Research tools might be helpful resources for your study.

Thorough planning for data collecting may help people set reasonable goals. Data collecting tools, such as surveys, physiological measures (temperature or blood pressure), or interview protocols, must be identified and described. Using collecting tools that have previously been verified may save time and boost the study's credibility. Following the determination of the data gathering strategy, a completion timetable need to be defined.

Data Analysis

The researcher has displayed the collected primary data using visuals. The straightforward procedural approach has been used. Additionally, each graph has been interpreted.

Limitations

The three main constraints on this study are time, money, and access. The deadline for submitting the final research findings makes the study significant. As a result, researchers have a limited amount of time since everything has to be finished as quickly as possible, including sampling and data gathering. The researcher will not be able to contact clients due to time restrictions, which might cause issues when it comes to obtaining companion data.

CHAPTER 5: RESEARCH OBJECTIVES

(a) To identify the current trends of digital payments in India

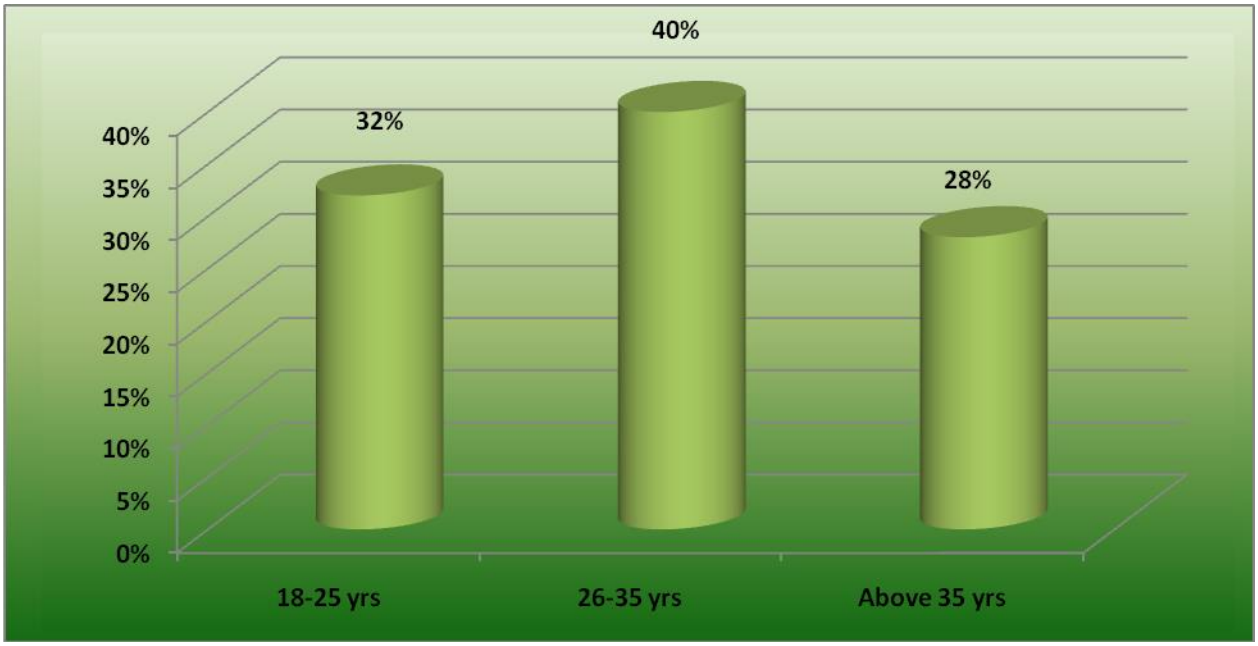
(b) To measure the impact of Covid-19 on surge of digital payments in India

(c) To evaluate the users' perception and preference towards various digital payment applications

(d) To offer the valuable suggestions to improve the growth of digital payment applications in India

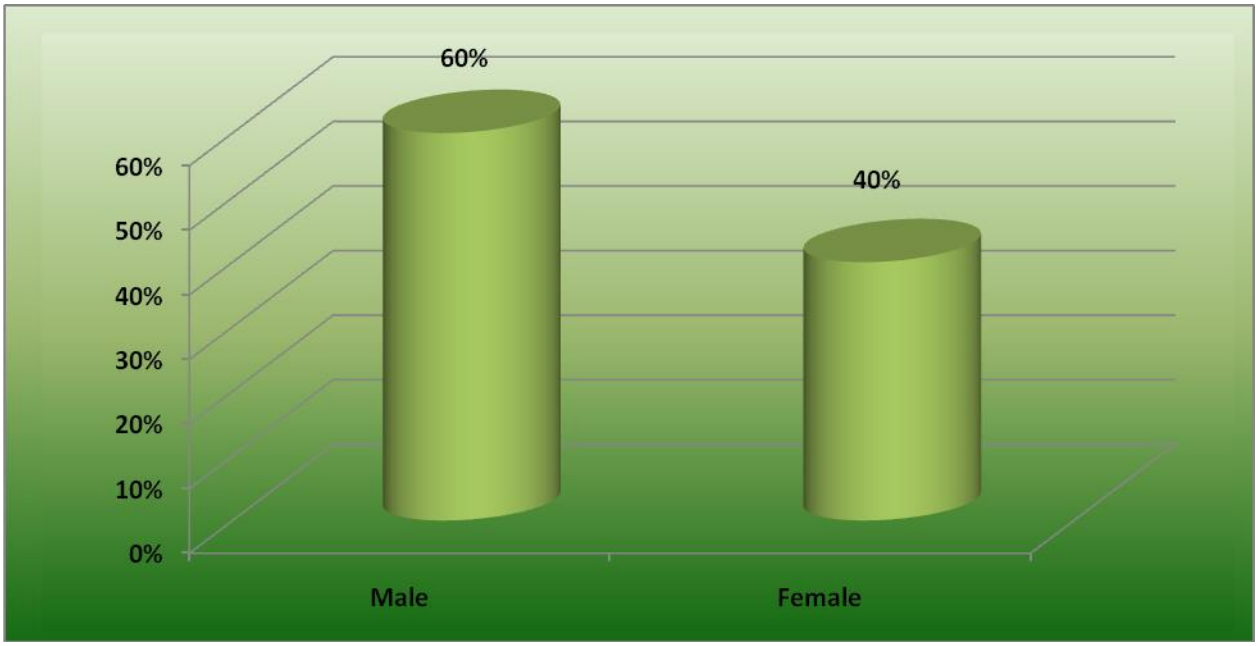
CHAPTER 6: FINDINGS AND ANALYSIS

Q1. Age group



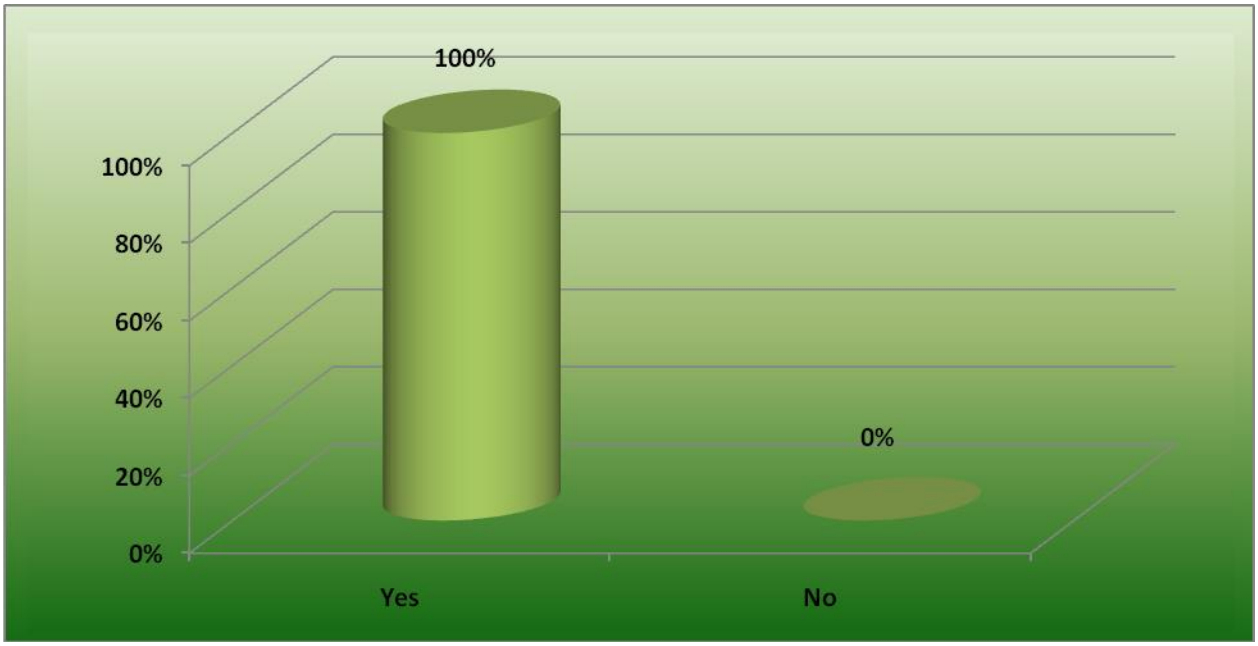
Respondents aged 26–35 made approximately 40% of the total. However, of those who participated, 32% were in the 18–25 age bracket.

Q2. Gender



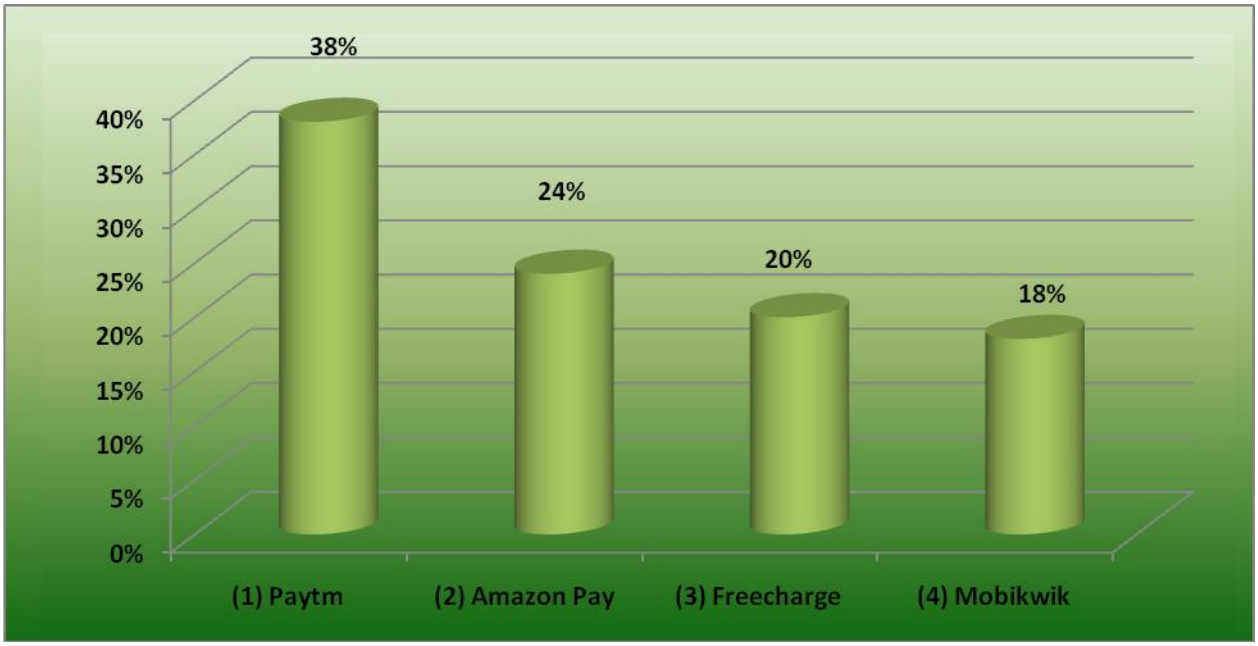
60% respondents were male however 40% respondents were female

Q3. Have you preferred doing digital payments during covid-19?



100% respondents replied yes that they preferred online payments during covid-19

Q4. Which of the following e-payment service you mostly use for online payment?



Of those who responded, 38% said they mostly use Paytm for online payments, while 18% said they primarily use MobikWik.

CHAPTER 7: CONCLUSION & SUGGESTIONS

7.1 Conclusion

The exponential growth and pervasiveness of the internet have had an effect on consumer habits and global cultures. It is clear that the amount of online commerce and online contact payments has risen internationally when comparing this procedure to the previous year, with all data based on India. Banking, credit card, and debit card transactions have taken on essential importance for epidemic users. During the lockdown time, many individuals exhibited panic buying in their day-to-day lives. The first evidence yielded a number of findings. In addition, parallels with earlier outbreaks have been found. A few modeling approaches and surveys of companies and families have been used. Research shows that people's and companies' current and future chances are being hit hard by the unexpectedly unfavorable effects of the pandemic's spread. Digital payment system development and credit card fraud in India have been the focus of this study. It is necessary to examine online purchasing trends in India for pandemic patterns in patient behavior, even as offline purchasing has grown in the country. To maintain the rise of online product purchases, customer happiness must be ensured for all items and services. The use of digital money has skyrocketed, but so has the use of online payment methods, especially debit cards and contactless payments. Depending on the industry, the Interbank Card Center compiles information on consumers' tastes and decisions about the usage of debit and credit cards.

7.2 Suggestions

The need of raising awareness One of the biggest problems with digital payment apps nationwide is that people aren't aware of their advantages and uses. Because of security and safety concerns, the majority of Indians are still reluctant to use M-Wallet. Applications for digital payments need to take crucial actions to win over their users' confidence.

Effectiveness for Safety: A safe, reliable, flexible, and cross-platform system is urgently needed to win over consumers and address the economy's liquidity crisis. Because using the Adhaar card is not required, consumers continue to lack faith in online payments due to the rising number of fraud cases and identity theft. PayTm must be made as a preferred vehicle for transferring money, and if the government is promoting a cashless economy, then fruit and vegetable sellers are already accepting payments via M Wallet. The Indian government should take action to guarantee that there will be no online theft and that their money is safe.

Increased Transaction Amount Limit: The Indian m-wallet market is hampered by the limited amount that may be transferred or transacted using m-wallets in a given month. Even in the case of a basic account, digital payment systems must to raise the cap on the quantity and number of transactions.

Transparency in regulatory policy is required. The m-wallet industry's regulatory policy is quite onerous and involves complicated and ambiguous rules and circumstances that make it hard for businesses to decide whether or not their product needs RBI approval. A uniform regulatory agency for all m-wallets (closed, semi-closed, etc.) and crystal clear policies are necessary. Such a body's existence would clarify procedures and policies between the RBI and M-wallet companies.

Introducing Appealing Offers: A little amount of interest should be paid by digital payment apps on the money that has been held in the wallet for a month, quarter, or year. Customers would be drawn in by this, and they would deposit money in their wallet to get the highest possible benefits.

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ANNEXURE - QUESTIONNAIRE

Q1. Group by age
18–25;

26–35 years
Over 35 years old
Q2. Gender

(a) Female

(b) Malé
Q3. During COVID-19, did you prefer making payments online?
Yes (a) No

Q4

A. (b). Which of the following online payment services do you most often use? Paytm, Amazon Pay,

B. Freechargé, and Mobikwik are the first four.

Q5. Which of the following is the main reason you make online payments?
(a) Bill payment and DTH recharge;

(b) bill payment;

(c) bus ticket;

(d) local store shopping;

(e) financing; and

(f) money transfer to a bank