The Growth of Digital Payment Post-COVID-19

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Abstract

Not only did the COVID-19 pandemic change how people lived and worked, but it also had a profound impact on how they were paid. Due to global urgency and safety concerns, the once-slow march towards digital payments became a sprint. This study looks at the post-COVID-19 era's extraordinary rise in the use of digital payments, paying particular attention to the ways that government programs, consumer behaviour, and technology have combined to change financial ecosystems. Digital transactions have taken the place of cash as the preferred method of payment in both rural marketplaces and urban convenience stores. This study captures the economic, technological, and social dynamics underlying this financial transformation through an analytical lens, bolstered by a hypothetical survey and statistical interpretations. Additionally, it offers tactical suggestions for improving user confidence, security, and accessibility in the developing digital.

Keywords: Contactless Payment, E-wallets, UPI, Mobile Banking, Financial Inclusion, Cashless Economy, Fintech, Online Transactions, Digital Payment, Post-COVID-19, and Consumer Behaviour

Introduction

In addition to upending healthcare systems around the world, the COVID-19 pandemic has had a major impact on economic behaviour and the adoption of new technologies. The increased use of digital payment methods has been one of the most significant changes. Cash transactions decreased as a result of limitations on social interactions and physical mobility, while digital payment platforms rapidly expanded. The purpose of this paper is to examine how digital payment systems expanded following the pandemic, examine how they affected merchant and consumer behaviour, assess how they affected financial institutions, and pinpoint chances for long-term growth in the field of digital finance. Additionally, it looks at government programs, private sector inventions, and the evolving perspectives of user toward a cashless economy.

Literature Review

The increase in digital payments during and after the COVID-19 pandemic has been documented in a number of industry reports and scholarly studies. Digital financial services became crucial instruments for preserving economic continuity during lockdowns, according to the World Bank's 2021 report. According to Deloitte research from 2021, contactless payments increased by more than 60% worldwide between 2020 and 2021. According to the National Payments Corporation of India (NPCI), the number of UPI transactions in India increased from 1.25 billion in March 2020 to over 4 billion by the end of 2021.

Increased financial inclusion was largely a result of the Indian government's push for a cashless economy through programs like Digital India, Pradhan Mantri Jan Dhan Yojana, and the introduction of BHIM UPI. According to academic researchers, mobile payment platforms helped close the gap between digital finance and rural consumers (KPMG, 2021). Additionally, the rise of point-of-sale terminals and QR-based payments made it possible for even small businesses to use digital techniques. In order to protect user interests in this quickly changing environment, academics have underlined the need for strong cybersecurity measures and data privacy laws.

Objective of the Research

1. To investigate the technological and socioeconomic elements influencing the post-COVID-19 expansion of digital payments.
2. To examine customer preferences and behaviour with regard to digital payment methods.
3. To assess how traditional banking systems and cash usage are affected by the growing use of digital payments.
4. To comprehend the difficulties posed by digital payments and offer workable answers.
5. To determine upcoming prospects and policy suggestions to improve the infrastructure and uptake of digital payments.

Research Methodology

This study adopts a mixed-method approach, integrating both qualitative and quantitative analyses.

Secondary Data

Gathered from peer-reviewed journals, industry reports (Deloitte, McKinsey, PwC), international financial institutions (World Bank), and government databases (RBI, NPCI).

Primary Data

200 respondents from urban and semi-urban areas representing a range of age groups (18–55 years), educational backgrounds, and socioeconomic statuses participated in a hypothetical structured survey. Questions concerning respondents' use of digital payments, preferences, frequency, perceived advantages, and difficulties were posed. The results were analysed using bar graphs, pie charts, and descriptive statistics. Statistical Analysis and Hypothetical Survey Data: 200 responders make up the sample size. 60% of the population is urban, 40% is semi-urban.

1**. Preferred Mode of Payment After COVID-19:**

- UPI: 45% (Google Pay, PhonePe, BHIM)
- Credit/Debit Cards: 25%
- E-wallets: 20% (Paytm, Mobi Kwik)
- Payment: 10%

Interpretation: Because UPI-based platforms are quick, easy, and free, they have taken over post-pandemic transactions.

2**. How Often Digital Payments Are Used:**

- Daily: 60%
- Weekly: 30%
- Occasionally: 10%

Interpretation: The majority of users have permanently changed their behaviour by incorporating digital payment practices into their everyday routines.

3**. Justifications for Selecting Digital Payment**:

- Speed and convenience: 50%
- 30% of people use contactless safety.
- Bonuses and savings: 15%
- Peer pressure is 5%.

Interpretation: The preference for contactless digital payments is still influenced by convenience and hygiene, with financial incentives having a minor but significant impact.

4. **Difficulties Met:**

- 35% have poor internet access.
- Technical errors or transaction failures: 25%

- 20% of people lack digital literacy.
- 20% are concerned about security and fraud.

Interpretation: Complete adoption is hampered, particularly in rural areas, by infrastructure-related problems like connectivity and a lack of tech awareness.

Conclusion:

The global expansion of digital payments was accelerated by the COVID-19 pandemic. Because of simultaneous government initiatives and growing mobile penetration, the impact was even more pronounced in India and other emerging economies. But there are some difficulties with this change. Targeted interventions are required for connectivity problems, ignorance, digital fraud, and privacy issues. However, a paradigm shift in consumer behaviour is occurring in the post-COVID-19 environment, as consumers are becoming more receptive to digital ecosystems. The goal of a society that is mostly cashless may come true sooner than anticipated if present trends and support systems continue.

Recommendations:

1. **Infrastructure Investment:** Increase the availability of 4G and 5G networks and reasonably priced smartphones in underserved areas.
2. **Regulatory Frameworks:** Establish uniform rules for fraud prevention, grievance resolution, and data security.
3. **Education Programs:** Start campaigns to raise awareness of digital finance, with a focus on low-income, elderly, and female populations.
4. **Public-Private Partnerships**: Encourage cooperation between banks, telecom companies, and fintech companies to lower transaction costs and broaden service coverage.
5. **Incentive Structures:** Provide small businesses implementing digital payments with cashback programs or tax rebates.

6. **Innovation & Localisation: To** accommodate users who do not speak English, promote the creation of voice-based interfaces and payment apps in vernacular languages.

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