

Cashless Transactions: Pre and Post Covid Trends

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Abstract: *Given the debate surrounding India's economic growth, numerous large-scale projects have been introduced to support the Indian economy. One such step was made in 2015 when the Indian government began the Digital India campaign to encourage the cashless economy. Demonetization expedited this step, and later in 2020, Pandemic proved to be a blessing in disguise for the cashless economy. After demonetization, a dramatic shift was seen in the effort to make the Indian economy cashless, not just in metropolitan areas but also in rural areas. According to data published by the RBI, the number of digital transactions increased by 271%, or from 1.7 million to 6.3 million. A significant contributor to the growth of the cashless economy is the Covid-19 -19; many individuals who were previously unwilling to conduct business online have now shifted to using cashless methods of payment. According to data given by the RBI, digital payments increased by 30.19 percent in the year that ended March 2021, demonstrating the country's adoption and deepening of cashless transactions. The trends of cashless transactions in pre- and post-covid times are discussed in this research.*

Key Words – *Contactless Transactions, Covid-19, Global Economy, Financial Market, Mode of Payments.*

INTRODUCTION

India is a very populous nation. India would take a long time to get entirely cashless despite being referred to as a sub-continent. Demonetization and the creation of the Digital India program by the Indian government, however, have fundamentally impacted how we transact. We are moving toward a fully digital cashless economy with the help of ATM Cards, Internet Banking, UPI, USSD, Mobile Wallets, Mobile Banking, and Micro-ATMs. Although a cashless economy offers many benefits, it has also been seen that individuals, particularly the elderly population, are still resistant to adapting to it. There is still a long way to go before India becomes completely cashless.

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The government of India introduced the "Digital India" flagship program in 2015 with the goal of transforming India into a knowledge-based society

and economy. One aspect of Digital India's job is to be "Faceless, Paperless, and Cashless." The introduction of new and innovative technologies, the notable transition from paper to electronic payment modalities, the considerable growth in transaction turnover, customer-centric initiatives, international recognition, etc. are some of the good effects of the advancements between 2015 and 2018.

The globe might transition to digital payments more quickly as a result of the COVID-19 pandemic. Payment systems have proven to be dependable and strong, and the general public continues to have a high level of faith in them. However, overall transaction volumes have decreased as a result of business closures and the lockdown. The post-covid age must be quickly shaped by the digital payments ecosystem in order to support the recovery and guide the emergence into this new normal. The practice of conducting business through mobile payment apps was becoming more popular in India prior to the spread of COVID-19. This activity increased during the coronavirus pandemic as customers began utilizing electronic payment systems. The amount of transactions made using the platforms of mobile payment apps like Amazon pay, Google pay, and Phone Pay in India increased noticeably during the COVID-19 crisis, the report claims. The research claims that more people have shifted to using digital payment methods since the shutdown began. Numerous e-retailers are also accepting payments using contactless digital methods, which lowers the chance of the coronavirus spreading. Our lives have greatly changed because of this pandemic. Most businesses in the sector now operate from home, and company strategies, consumer attitudes, educational delivery methods, etc. have all altered along with it. The pandemic has caused a rise in digital connectivity among people. Individuals who have never paid their utility bills online but are learning to do so now. The use of internet payments is speeding up because of this pandemic. "India's digital payments ecosystem has experienced the kind of growth that may have occurred over a 3-5year time frame if the pandemic hadn't occurred in this timeframe," (Abrar, 2021).

The Modi government has made numerous attempts to establish a cashless society, but they have all failed, including demonetization, the GST, direct benefit transfers, and jandhan bank accounts. But the COVID-19 outbreak has greatly expanded the usage of electronic payments. Digital payment methods are being embraced as a result of the existing circumstance, in which people are required to keep a physical distance. Many businesses were shattered completely after the arrival of the coronavirus. Additionally, small business owners closed their shops. Many people around the world have experienced income loss. The poor economic condition is a result of all these factors. However, in the midst of this dire circumstance, digital payment methods play a highly advantageous role. Since the Pandemic, digital payments have increased in India (S, 2021).

A transaction that involves a payment via digital technologies is referred to as a cashless transaction. These digital methods are used by the payer as well as the payee. Digital transactions do not include the use of actual cash or any physical kind of money. Digital payments are easy, quick, and efficient because they are made entirely online. The RBI and NPCI have developed multiple platforms and taken numerous actions to promote digital payment in the wake of the COVID issue. There are no longer any restrictions on when businesses can perform transactions because of banking hours. People are more and more compelled to use digital payments in the Covid era in order to stay healthy (S, 2021). The impact of Covid on digital payments in towns and villages was the subject of research in 2021. Following the demonetization, usage of digital services rose, but this pandemic wave has inspired people in towns and villages to incorporate them into their everyday routines.

The current trend suggests that adoption and use of digital payment applications will keep growing as customers become more conscious of and understand their significance. The growth of digital services or digital payment applications has significantly boosted the GDP of the Indian economy as well as the living standards of people who, because of their reliance on cash, were previously oblivious to or confronted trade-related difficulties. (Gupta, 2021) A singular and exceptional event like the pandemic in 2020 has had a significant impact on the digital payments system since the demonetization in 2016 and is likely to be a game-changer for India in terms of the adoption of digital payments (Bhagat, 2020) 220 respondents were

the subject of a primary study to see whether payment behavior had altered prior to and following the shutdown. It suggests that there was a significant difference in payment methods between the shutdown and previously. The public's resistance to utilizing cash in any of the available payment choices has undoubtedly pushed us closer to digitalization as a result of COVID-19. It had been questioned whether the COVID19 will be conveyed through financial transactions. (Hymavathi, 2022)

Modes of Cashless Payments

- Banking cards (including credit, debit cards)
- Unstructured Supplementary Service Data (USSD)
- Aadhar Enabled Payment System (AEPS)
- Unified Payments Interface (UPI)
- Mobile Wallet
- NEFT & RTGS
- Point of Sale
- Internet banking

REVIEW OF LITERATURE

Cashless transaction: Modes, advantages and disadvantages” by Ramya N., Sivasakthi D., Nandhini M. (2017). With little cash on hand and an indefinite crunch in sight, most individuals are racing to cashless transactions, according to this study paper's key finding. Better accountability, scalability, and transparency are benefits of digital transactions.

Diffusion of Digital Payment System in Rural India by R. Pradheep Balaji & Dr. T Vijayakumar. The government's decision to promote digital payments has ushered in a new era of digitalization in India. Nowadays, digitalization is a priority in life rather than just a little part of it. Improved UPI, mobile payment, and digital transaction arrangements with more anchored features, ease of transactions, and lower costs of managing payments through digital mode could lead to more potential advancements and support in improved states of computerized installments preparation in rural areas.

“Cash to Cashless Economy in India: Importance and Challenge” by Seema. However, as more and more people migrate to digital methods of accepting and making payments, the benefits of this decision have already begun to become apparent. The cash-centric economy of India is gradually giving way to a cashless one. Digital transactions are immediately visible and observable, making it impossible for black money to

circulate. The entire nation is undergoing a process of financial modernization, with e-payment services acquiring unmatched momentum.

“Cashless Economy in India: Challenges and Opportunities” by Aalia Sheerin. According to the study's findings, the percentage of Indians who use mobile devices for internet access is steadily rising. It was 18.55% in 2015, and by 2017, it had risen to 23.93%. However, the number of internet users varies between urban and rural India. Following demonetization, mobile banking has shown phenomenal growth, and UPI, while being a new technology, is also getting momentum. The growth rates are remarkably high for a developing nation like India.

RESEARCH METHODOLOGY

The present study is theoretical in nature. The data for the present study has been collected from secondary sources. The data analysis has been done through secondary review and content analysis has been performed to arrive at conclusions and discussion. The secondary sources of the data include books, journals, newspapers, published and unpublished research work, various search engines, etc.

OBJECTIVES OF THE STUDY

- To study the cashless transactions and its mode of payment in India.
- To study and analyze the trends in cashless transactions during pre and post covid.
- To study and analyze the research publications on which researchers have conducted research on trends of cashless transactions in pre and post covid.
- To provide suggestions for the promotion of cashless transaction in India.

NEED OF STUDY

One of the most common threats to the global economy and financial markets at the moment is the emergence of new coronaviruses. Numerous steps are being taken by nations around the world to stop the spread of the virus. The COVID-19 outbreak in India is also promoting the adoption of electronic payments. To ensure contactless transactions, even the RBI has advised users to use prepaid payment instruments. However, other industries, like travel, theaters, restaurants, and entertainment, were directly impacted by the pandemic and stopped accepting these payments. While the amount of prepaid payments is

increasing due to things like grocery stores, online gaming, e-learning, online recharges, Ed Tech, and utility bills, among other things. In a summary, it appears essential to assess the volume and value of prepaid payments as they actually are. Therefore, the goal of this study is to compare and contrast digital payments made before and after COVID-19.

CONCLUSION

The cashless economy has been made possible by the pandemic, which has turned out to be a blessing in disguise. The influence of COVID-19 on the digital economy has been complex and multifaceted. The sustained trend toward digital payments is projected to be accelerated by the greater adoption in the near future. Additionally, the pandemic has revealed fresh perspectives and opportunities for Indian businesses and people, which can only be taken advantage of by being adaptable and agile in the face of change. After the impact of COVID-19, there is a tendency in the utilization rate of digital payments as the contactless method of payment came into key significance. It was discovered that the main barriers to making digital payments were a lack of financial bank accounts and internet connectivity. The majority of consumers switched from making cash payments in person to making electronic payments.

The government should establish a technologically friendly infrastructure that makes cashless transactions simple in order to raise public awareness. The government and service providers should earn the public's trust in order to promote cashless transactions, and security and privacy of data should be given top priority. To make apps and payment portals user-friendly, they should be made simple to grasp and translated into a variety of regional languages. Special awareness initiatives, such as door-to-door campaigns, should be organized for older age groups.

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