



A Study on Usages of Digital Financial Services among Rural Households during Covid 19 Pandemic

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Abstract: *The role of digital financial service has emerged a lot especially during the Covid outbreak when citizens were advised to stay home and lockdown was imposed throughout the world. Lock down and social distancing compelled people to find substitutes to cash and face-to-face transactions. People all over the world shifted to using digital channels instead of cash payments. The present study is intended to examine the digital financial awareness and the usage of digital financial services during Covid-19 among the rural households. The primary data were collected from randomly selected 50 households in Thrikkur Gramma panchayath in Thrissur district of Kerala with the help of well-structured schedule. Majority of the respondents have low digital financial awareness. Poor awareness about digital financial services is the main problem faced by the respondents while using it. Google pay is the most preferred digital financial platform used by the respondents. For most of the respondents time saving is the reason for preferring digital financial services. After Covid 19 the usage of digital financial services among the respondents increased.*

Keywords: - Lockdown, Covid 19, Digital Financial Services, Digital financial Awareness score.

1. INTRODUCTION

The role of digital financial service has emerged a lot especially during the Covid outbreak when citizens were advised to stay home and lockdown was imposed throughout the world. The Covid -19 pandemic changed the way people make financial transactions. Lock down and social distancing compelled people to find substitutes to cash and face-to-face shopping. People all over the world shifted to use digital channels instead of cash payments. Digital financial services includes a broad range of financial services accessed and delivered through digital channel including payments, credit, savings, remittances and insurance. The pandemic created an overall rise in digital financial inclusion. One of the services in digital financial service is digital payment. There are many digital payment modes available. People prefer these different kinds of payment modes mainly because they are convenient, easy to use, save time, no need of going to bank branches, cashless transactions, no fear of losing cash and 24 hour service. But digital financial services are not free from difficulties. The major issues of digital financial services are fear of fraud, hidden charges, technical issues, connectivity problems, server problems, network issues, lack of knowledge, fear of data leakage, complicated instructions, non-availability of up-to-date information from the bank's staffs, lack of trust and so on.

2. SIGNIFICANCE OF THE STUDY

The role of digital financial service has emerged a lot especially during the Covid outbreak when citizens were advised to stay home and lockdown was imposed throughout the world. The digital finance saved households from travelling expenses, impulse buying, long queue hours in shopping malls, pollution etc. Lockdowns and social distancing accelerated the use of digital financial services. The digital capabilities of rural customers are limited and absence of digital financial services suited to the rural masses remains a challenge in their usages. In this scenario it is significant to examine digital financial awareness among rural households and the impact of Covid -19 pandemic on digital financial service usages among them. The present study intended to study the impact of Covid 19 pandemic on digital financial service usages among households in Thrikkur Grama Panchayath in Thrissur district of Kerala.

3. REVIEW OF LITERATURE

- Sadhukhan, P. (2021) in their study "How Has Digital finance softened the impact of COVID -19?" found that digital finance made us realize about its strong existence in this critical juncture of socio - economic repercussion amid COVID -19 crisis . Concerning over usage of contagious products like cash and card , mobile payments are seemed to be safer and resilient in this contagious pandemic and have the potential to be a game changer for digital finance.
- Allmen et al.,(2020) opined that the Covid -19 pandemic can be considered as a game changer of digital financial inclusion through which the lower -income households and small firms can have more advantages by using mobile money transaction band fintech services. Equal access to digital

infrastructure, greater financial literacy and the avoidance of data biases are necessary to tap the high potential of digital financial services in the post-COVID era.

- Mithra et. al, (2020) “Governing Global Digital Finance” opined that digitalization is reshaping finance, opening new market, development opportunities and bringing with it new risks. Digital finance makes a difference by providing access to more, better and cheaper data, removing unnecessary intermediation, enhancing efficiency to reduce barriers and catalyzing innovation.
- Fu, J., & Mishra, M. (2020) in their study found that spread of COVID -19 and related government lockdowns have led to between a 24 and 32 percent increase in the relative rate of daily downloads of finance mobile applications in the sample countries .
- Mansour, H. (2021) “How successful countries are in promoting digital transaction during COVID -19” in their study found that pandemic has encouraged government to take actions towards fostering digital means of payments and financial transactions to stimulate economic activities and achieve higher financial inclusion.

4. STATEMENT OF THE PROBLEM

In today’s highly technical world, technology plays a vital role. Even in banking sector also many changes occurred from the past few years. Majority prefer online payment modes instead of traditional payment method during Covid period. COVID-19 has had a profound impact on people's payment habits and financial service usage. Due to covid-19, the usage of digital payment system has increased tremendously. In this situation it is significant to study the usages of digital financial services among rural households. The present study intended to study the impact of Covid 19 pandemic on digital financial service usage among households in Thrikkur Grama Panchayath.

5. OBJECTIVES OF THE STUDY

- To study digital financial awareness among rural households.
- To examine the impact of Covid -19 pandemic on digital financial service usages among households in Thrikkur gramma panchayath.

6. DATA SOURCE AND METHODS

The study was based on both primary and secondary data. The primary data were collected from a randomly selected 50 households in Thrikkur Gramma panchayath in Thrissur district. The primary data were collected with the help of well-structured schedule. Secondary data were collected from different publications, website, journals etc.... A digital financial awareness score is constructed for analysing digital financial awareness among the respondents. Digital Financial Awareness Score is derived from 5-point Likert scale response to level of knowledge about digital financial services. For questions answering “No Awareness” about various financial digital platforms score one is given, low awareness gets two score, average awareness gets three score, high awareness gets four score and very high awareness get five score. The digital financial awareness score is obtained by totaling the answer to all the questions. Based on this maximum value of digital financial awareness score is 30 and minimum value of digital financial awareness score is 6. The level of general Digital Financial Awareness Score among the respondents is classified under three categories.

Low Digital Financial Awareness Score- below 10 score

Medium Digital Financial Awareness Score- 10 -20 scores

High Digital Financial Awareness Score - More than 20 score

Simple technique like tables and percentage were used to analyses the data.

7. RESULTS AND DISCUSSION

7.1 DIGITAL FINANCIAL AWARENESS AMONG THE RESPONDENTS

Digital financial service awareness is an important aspect of education. It enhances the usage of digital financial services. One of the objectives of the study is to examine digital financial awareness among the respondents.

Table 1 Level Digital Financial Awareness Score among the Respondents

Level of Digital Financial Awareness Score	Frequency	Percentage
Low Digital Financial Awareness Score	31	62
Medium Digital Financial Awareness Score	11	22
High Digital Financial Awareness Score	8	16
Total	50	100

Source: Primary Data

Table 1 depicts the digital financial awareness score of the respondents. Majority of the respondents (62 percent) have low digital financial awareness score, 22 percent respondents have medium digital financial awareness score and only 16 percent respondents have high digital financial knowledge score. Majority of the respondents have low digital financial awareness.

Likert scale responses about digital financial awareness among the respondents reveals that majority of the respondents (38 percent) have very high awareness about ATM, debit and credit Card. Majority of the respondents (32 percentage) have average awareness about Internet Banking. Majority of the respondents (34 percent) have low awareness and no awareness about online bill payment. Majority of the respondents (36 percent) have average awareness about Mobile banking. Majority of the respondents (64 percent) have no awareness about point of sale. Majority of the respondents (60 percent) have no awareness about digital wallets and UPI platforms. Majority of the respondents (66 percent) got information about digital financial services from the friends and family, 26 percent of the respondents got information from social media, 6 percent of the respondents got information through the financial institutions.

7.2 USAGES OF DIGITAL FINANCIAL SERVICES AMONG THE RESPONDENTS

The usages of digital financial services among the respondents are discussed below.

Regarding the usage of digital financial platforms used by the respondents, majority of the respondents (72 percent) used the GOOGLE PAY, 56 percent of the respondents used the PHONEPE, 32 percent of the respondents used the PAYTM, 24 percent of the respondents used the DHANI, 16 percent of the respondents used the BHIM AXIS PAY and ICICI POCKETS and only 12 percent of the respondents used the MOBIKWIK. Google pay is the most preferred digital financial platform used by the respondents.

The frequency of the digital financial service usage among the respondents reveals that majority of the respondents (36 percent) use digital financial services weekly, 26 percent of the respondents use daily, 20 percent of the respondents use rarely and 18 percent of the respondents use monthly.

Majority of the respondents (52 percent) are very satisfied, 30 percent of the respondents satisfied and 18 percent of the respondents neutral, with respect to digital financial service usage.

For majority of the respondents (38 percent) time saving is the reason for preferring digital financial services, for 22 percent lower cost, for 18 percent user friendliness, for 14 percent low risk and for 8 percent of the respondents convenience is the reason for preferring digital financial services.

Regarding the difficulties in using digital financial services, majority of the respondents (30 percent) faced the difficulties of low awareness, 20 percent of the respondents faced the fear of using digital services, 16 percent of the respondents faced the low internet connectivity, 14 percent respondents faced high transaction cost, 12 percent of the respondents faced low income and 8 percent of the respondents faced the lack of smart phones.

7.3 IMPACT OF COVID 19 ON USAGES OF DIGITAL FINANCIAL SERVICES AMONG THE RESPONDENTS

Majority of the respondents (56 percent) used digital payment for the first time during the covid -19.

Usage of Digital Financial Platforms before and after Covid 19

The usage of digital financial services among the respondents increased tremendously after Covid 19 pandemic. Among the respondents 30 percent used the digital payment before Covid and after Covid 54 percentage used the digital payment. Among respondents 19 percent used the digital remittances before Covid and after Covid 36 percent used the digital remittances. Among respondents 24 percent used the digital savings before Covid and after Covid 36 percent used the digital savings. Among the respondents 22 percent used the digital credit before Covid and after Covid , 38 percent used the digital credit . Among respondents 16 percent used the digital insurance before Covid and after Covid ,34 percent used the digital insurance.

8. CONCLUSION

Majority of the respondents have low digital financial awareness. Lower awareness about digital financial services is the main problem faced by the respondents while using it. Google pay is the most preferred digital financial platform used by the respondents. Majority of the respondents are highly satisfied with the usage of digital services. For most of the respondents time saving is the reason for preferring digital financial services. The usage of the digital financial platforms increased after Covid 19.

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