

Impact of Covid-19 Pandemic in the Adoption of Tech- Driven Banking in India

V Asvini

Research Scholar
Sri Venkateswara University

Abstract: For the previous several years, India's banking industry has been successful in utilising IT-enabled approaches for its functioning. By providing higher-quality services and products, banks may retain a sizable client base, while also providing consumers with convenient banking operations enabled by information technology. The COVID 19 pandemic outbreak has posed a threat to India's financial industry. Previously, banking consumers had to visit bank branches in order to obtain financial services. However, throughout the pandemic time, banks shifted their focus more toward digital or online banking. The banking industry has had a tough time adjusting to new behaviours and meeting customer demands for relevant goods and convenient services, as well as adapting their commercial services to societal changes brought about by the pandemic crisis. The essay discusses banking services during epidemic times and the rise of electronic banking. The study's overall purpose is to give a practical view on the pandemic's influence on consumer behaviour regarding banking goods and services, as well as to analyse the expansion of mobile/internet banking. We evaluated the entire inbound and outward mobile banking transactions of Indian banks, focusing on the mobile/internet banking activities of two new generation banks, AXIS bank and ICICI bank, over a four-year period from 2018 to 2021. Highlight that the COVID-19 pandemic effect on consumers' lifestyle has a direct and positive influence on the growth toward internet and mobile banking services.

Keywords: The COVID- 19 Pandemic, Internet and Mobile Banking, Growth of Banking services, Banking strategies, Consumer Behaviors, Digitalization of banking industry.

Introduction

The epidemic has altered the global economy and has had a detrimental effect on the majority of enterprises. It altered the way people live, connect, and make purchases. Even in these circumstances, banks are responsible for sustaining liquidity and should continue to support the economy, lending to individuals and businesses, and retaining their client base. As a result, banks are attempting to modify their long-term strategy and to rethink their whole business model. The present crisis provides an opportunity to transform banking and to rethink the evolution of the bank-customer relationship. These include not just digitization and modernisation of banks' financial activities, but also skill development and the promotion of a sustainable bank-customer relationship.

The epidemic has compelled banks to adopt a new strategy in order to facilitate their customers' access to financial services. It hastened the financial system's digitalisation. Banks have witnessed a change in how customers view digital or electronic banking. Thus, banks have offered consumers with online banking capabilities, enabling them to conduct quick and convenient transactions at any time and from any location. Mobile banking enables consumers to access their accounts, check the status of their services online in real time, and conduct transactions and communicate with their bank at any time and from any location worldwide. Mobile banking wallets have increased the banking sector and improved the efficiency and security of daily transactions.

Literature & Synthesis

Covid-19 threats have pushed several reforms on India's banking industry. To guarantee that banking customers receive prompt and effective service, the major banks in India have shifted their client focus to digital or electronic banking. As a result, banks have established digital platforms to provide quick and diverse services. Simple online banking solutions that enable even the most uneducated and technologically challenged individuals to do simple and straightforward financial activities at any time and from any location. With the aid of the Internet of Things and artificial intelligence, mobile banking and digital platforms enable customers to access their accounts, verify the status of their services, and keep track of banking and non-banking activities and communications. Mobile banking wallets have increased the banking sector and improved the efficiency and security of daily transactions.

Related investigations illuminated the issue and substantiated this report, stating that the Covid-19 Pandemic harmed Indian banking operations and badly impacted all sectors of the global economy. Panchal, Nilam (2021). He argued that government intervention is necessary to make decisions and take actions to reduce economic uncertainty and financial stress, and that continuous measures should be taken to ensure the smooth functioning of both money and capital markets. The Indian banking system has implemented a number of measures in response to the COVID-19 pandemic to make banking operations more efficient and effective, Patil., Anu Alex (2020). According to the survey, the majority of Indian banks were experiencing NPA, non-recovery of loans, customer service concerns, and bad loans under Covid-19 conditions, resulting in their closure.

The respondents' use of mobile/internet banking services has grown during the pandemic in contrast to the pre-pandemic era. Daniel, Gardan, Claudia, (2020), their study indicates that banks' efforts to offer financial education courses to all types of bank clients should be increased. Tammana Muzawar,(2020), notes that as a result of the covid-19 outbreak and widespread shutdown, the public believes that visiting banks and utilising financial services is unsafe and insecure. With the advancement of banking

technology, banks have urged their consumers to take use of online, internet, and mobile banking services. The survey concluded that the majority of individuals utilise mobile banking services because they are more convenient, time efficient, cost effective, dependable, and easier to use than traditional banking.

Suhas. D., and H. N. Ramesh, (October 2018), concluded that electronic banking enables all financial transactions to be handled swiftly and easily. It outlines the multiple benefits and services supplied by e-banking to its consumers, as well as the obstacles that customers face while using e-banking. A study of the literature revealed that several research have been undertaken in the realm of technologically enhanced banking services to determine the influence of Covid-19 on mobile banking services, internet banking, real-time banking, and customer behaviour and satisfaction. We highlight the impact of Covid-19 on technologically enhanced banking services in India; specifically, this study focuses on the technologically enhanced banking services provided by new generation private sector banks AXIS and HDFC during the Covid-19 pandemic period.

Statement of the problem

During the pandemic, the banking sector, which is in charge of all financial activity in the country and serves as a support for all industries, was faced with a significant challenge. This crisis had an impact on banks, forcing them to reconsider their business model and strategy, as well as to reevaluate and analyse their current operations. To be safe from the Covid-19 outbreak, many individuals have been obliged to use contactless payments and avoid touching paper money.

Customers were urged to use online banking tools instead of visiting bank offices in order to do their day-to-day banking activities. Customers have been compelled to use online and mobile banking as a result of Covid-19. Because they can be accessed at any time and from any place, banks have developed mobile banking services to encourage their clients to use them instead of making in-person trips to their local branch offices. Thus, technology has changed the financial scene by expanding non-branch banking, which in turn creates value for customers. For banks to thrive in the ever-changing market, it is important that they use technology. As a result of these changes, the banking sector has found new strategies to keep customers loyal. A contemporary, convincing digital interface is essential for banks to digitalize their procedures during this time period.

Digital means are becoming increasingly popular in the Indian banking sector since most clients are already well-versed in internet banking. This research examines the influence of the Covid 19 on the banking industry in India and the expansion of technologically advanced banking services for mobile/internet banking transactions in an all-encompassing manner. And have a look at the expansion of mobile banking transactions in the new generation of financial institutions.

Significance of the study

Value-based electronic banking services are becoming increasingly prevalent during these epidemic times. Traditional banking activities are being replaced by Internet banking, mobile banking, and ICT-enabled services. Digital choices have become a need for some bank clients, while others have made the switch to digital options as an experiment. Digitalized activities in the banking sector allow them to serve their consumers with higher quality and more value added services. With long-term societal change, banks need to understand how consumers choose their goods and services, so they can satisfy their customers' financial demands. A successful banking sector will rely on its ability to respond to pandemic challenges and remain relevant in the services and products it offers to customers in a safe and convenient manner, so this study focuses on the emerging phase of banking operations focused on delivering improved and customised banking services through technologically improved banking and tracking the development of new banking trends during the Covi pandemic outbreak.

Scope of the study

An examination of the ever-shifting financial landscape during the COVID-19 epidemic is the focus of this study. By comparing the pre- and post-pandemic periods, the researchers want to better understand the coping processes of banks in times of pandemic crisis. An understanding of banks' digital transformation initiatives has been gained via this research. According to this research, Indian banks can boost their digital banking services by developing appropriate policies.

In order to help the banks retain their customer base and generate substantial revenue from e-payment and online banking transactions, as well as encourage them to provide more financial product and services that will meet the customer's needs in the future, the bank needs to implement strategies to build trust and loyalty among its customers. To adequately support future research in the Emerging Technology in Improved Banking Services of the Indian banking industry, an analytical analysis of banking strategies is necessary.

Objectives of the study

The present study titled as "Banking sector in India: Pandemic Analysis", has been initiated to attain the following objectives;

- 1) To analyse the emergence of technologically improved banking products during Covid- 19 pandemic period in terms of value and volume.
- 2) To present the overall development of online banking in India by comparing pre and post Covid-19 period.

Research Methodology

In this case, the research is based on empirical data. All of India's public and private banks make up the study's population. There are two new-generation banks in the sample units (AXIS bank and ICICI bank). There are a number of sources included in the study: Bank annual reports; magazines; newspapers; and journal reviews.

Analysis

The foundation of global economic progress is financial inclusion and accessibility, especially in a world that is in the midst of one of its greatest uncertainties of all time. After the Covid - 19 epidemic, the global banking and financial services business underwent seismic upheavals. Fintech and APIs, as part of the broader economic goals, make global banking more accessible and inclusive (APIs). The global banking industry is expected to become a \$43.15 billion business worldwide by 2026, thanks in large part to increased internet and mobile penetration across the globe, as well as advanced technology solutions, such as blockchain and artificial intelligence (AI), which are enabling this revolution.

For three months from 2021 October, about a quarter of a million people in the United Kingdom changed current account providers as they sought innovative digital banking services (Karl Flinders, 2022). The market dominance of traditional banks is beginning to erode as a result of competition from digital banks. There were more than 2,50,000 account swaps in the fourth quarter of last year (2021) than in the same time of the previous year.

Even as Covid-19 Omicron variant challenges grow, thousands of people are still counting on Cass to help them switch current accounts, and digital-first current account providers continue to attract new customers as "many seek current account providers with high quality online tools, such as mobile apps" (David Piper, 2022). More than half of clients have switched to digital rivals for non-financial reasons, including better online banking facilities (51 percent), a sophisticated mobile or app-based banking system (41 percent), and better customer service (38 percent).

1. Overall mobile / internet banking transaction of banking sector in India (2018-2021)

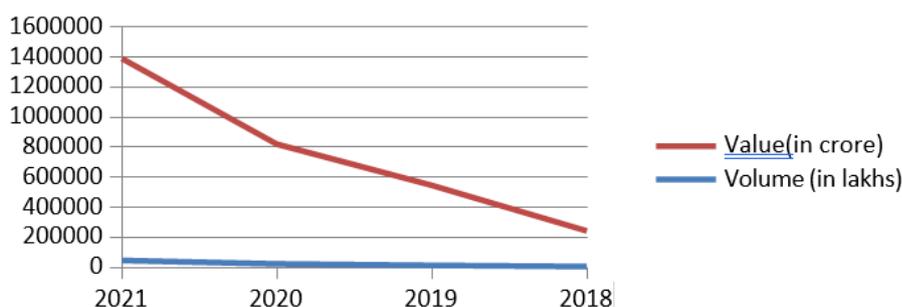
Year	Volume (in lakhs)	Value (in crore)
2021	44750	1344959.00
2020	22713	796402.00
2019	12525	532731.00
2018	5270	236900.00

Source: Reserve Bank of India Bulletin -2021

In 2018, the total amount of financial transactions on the internet was 5270 lakhs, and in 2019, it will be 12525 lakhs. The total number of mobile transactions is expected to reach 44750 by 2021, up from 22713,000 in 2020. This demonstrates the continual rise in the amount of financial transactions conducted via mobile and the internet in India. For mobile/internet banking transactions, in 2018, the total value was Rs. 236900 crores, which climbed to Rs. 532731 crores for 2019 and to 796402 crores and 1344959 crores correspondingly for 2020 and 2021. According to the table, the aggregate value of online and mobile banking transactions is growing year-to-year, much as the volume.

There was a 7255-lakh rise in overall mobile/internet banking transaction volume between 2018 and 2019. Likewise, the monetary worth rises by Rs. 295831 crore as well. From 2020 to 2021, volume and value are expected to rise by 22037 and 548557 percent, respectively. The corona period saw a significant uptick in mobile internet transactions, as may be seen below.

Figure -1: Overall mobile / internet banking transaction of banking sector in India (2018-2021)



Source: Reserve Bank of India Bulletin - 2021

A highly competitive market during the Covid - 19 pandemic period put pressure on the Indian banking industry to meet an expanding demand from clients for cutting-edge digital products and services. The use of Application Programming Interfaces (APIs) to modernise IT and allow new business concepts throughout time. End-to-end digital customer experiences such as cutting-edge banking technology, powerful analytics products, and a core banking system boost cloud adoption because of competitive marketplaces and rising demand for digital solutions during the pandemic time. India's banking system benefits from the introduction of new digital capabilities such as robots, smart automation, and enhanced analytics. IT architecture and banking's digital strategy rely heavily on APIs.

2. The Mobile/Internet Banking Transactions of Axis Bank

Table.2 - The Inward and Outward transactions of Mobile/internet banking in AXIS bank

Year	Inward transaction (in millions)	Outward transaction (in millions)
2021	321	314
2020	132	250
2019	116	221
2018	101	191

Source: Reserve Bank of India Report -2021.

In the pre-corona era (from 2018 to 2019), AXIS bank's inward mobile/internet banking transactions climbed by 15 million. In the same way, external transactions grow by 30 million dollars. In the post-corona era (2020-2021), AXIS bank's inward and outbound transactions climbed by 64 million and 189 million, respectively. As a result, it is apparent that AXIS bank's inbound and outbound mobile/internet banking transactions have improved since the corona epidemic.

Figure: 2 - The Inward and Outward transactions of Mobile /internet banking in AXIS bank (in millions)

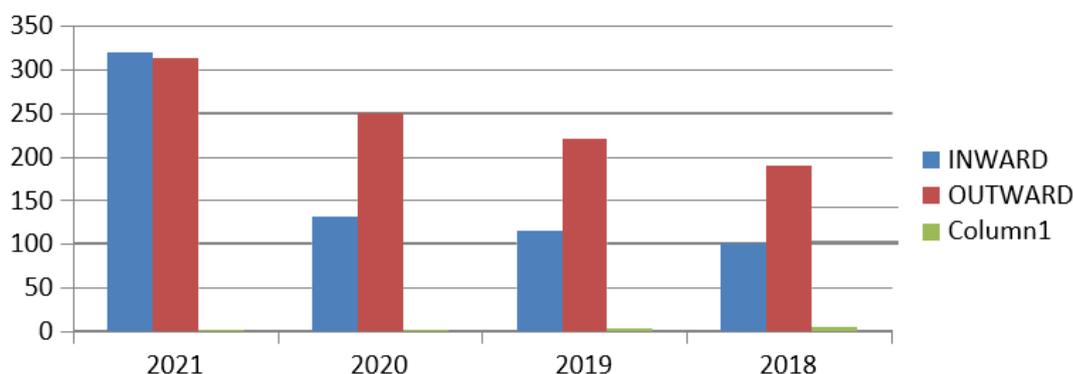


Table: 3 - The Inward and Outward transactions of Mobile/internet banking in ICICI bank (in millions)

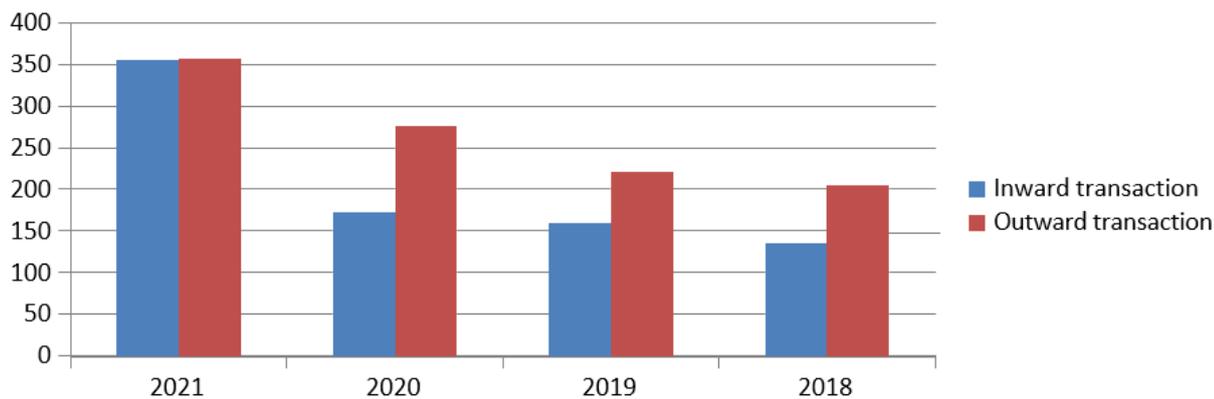
Year	Inward transaction	Outward transaction
2021	355	356
2020	172	276
2019	159	221
2018	135	205

Source: Reserve Bank of India Report -2021.

ICICI Bank's inward mobile/internet banking transactions climbed by 24 million between 2018 and 2019 during the pre-corona era. A similar surge of 16 million dollars occurs in external transactions. In addition, AXIS bank's inbound and outward transactions have climbed by 183 and 80 million each in the post-corona period(2020 and 2021).

After the post-corona period, ICICI bank's mobile/internet banking transactions have seen a growing trend of growth.

Figure: 3- The Inward and Outward transactions of Mobile/internet banking in ICICI bank (in millions)



Findings of the study:

- Covid 19 has a direct and good influence on the banking industry in India's banking sector's development and introduction of technologically sophisticated products to its clients.
- Banking transactions via mobile and the internet are increasing at a constant rate in India.
- Aside from volume, the entire value of online and mobile banking transactions is also rising.
- Corona-period growth in mobile internet transactions is expected to be rapid.
- After the corona epidemic, AXIS bank's mobile/internet banking transactions grew in both the inward and outward directions.
- After the post-corona period, ICICI bank's mobile and online banking transactions have seen a growing trend of growth.
- Inward and outward mobile/internet banking transactions of New generation banks like Axis and ICICI bank show a growing trend of increase in India's overall mobile/internet banking transactions.

Suggestions

- In order for the banking system to keep up with the ever-changing demands of its consumers, it must become more digital.
- Banks must put more emphasis on digital transformation and transition their traditional banking services to digital technologies as per the wishes of their clients. Accessibility, transparency, simplicity of use, and transparency and decreased costs are all important considerations.
- In order to keep customers' faith in the banking system intact, banks must provide a secure IT system and minimise failed transactions or system problems.
- Banks must better market online banking to their consumers and raise knowledge about how simple it is to use.
- For people who aren't comfortable with online banking, banks need to do a better job of guiding and educating their customers.
- Additionally, banks need to better communicate with clients about the benefits they offer and the efforts they take to ensure online transaction security in order to boost user trust in online banking.

Conclusions

The recovery of the economy following the epidemic will be influenced by the tactics adopted by banks, which constitute a key pillar of the economy. Because of the importance of providing their consumers with high-quality and secure banking services, banks will continue to prioritise digitization. It's likely that banks will have to rethink their banking practises as a result of the rising popularity of digital transactions during COVID-19. The banking industry must do more to foster the development of new financial technologies, which is why the shift to digital banking is of such critical importance. The - is the new.

Consumers' trust in digital banks, as well as the value of their services, must be bolstered if they are to succeed.

Only banks who upgrade their IT infrastructure and enable online access to their banking goods and services will gain in the future, since the client experience has become increasingly important to banks. In order to meet the ever-changing needs of today's consumers, banks will need to offer both online and physical services in the future. For the Indian banking industry to reap the benefits of digital technology in the long run, a comprehensive plan must be devised.

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