Management

Digital banking in the post-covid era: an analytical study from Port Blair, South Andaman

Peter Decat

Assistant Professor, Department of Business Administration, Kongu Arts and Science College (Autonomous), Tamil Nadu, India

Correspondence Author: Peter Decat

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Abstract

The outbreak of COVID-19 has emerged as one of the greatest challenges to the global economy and financial systems. To mitigate its spread, India, like many other nations, implemented a series of preventive measures such as nationwide lockdowns, restrictions on public movement, closure of transportation and public spaces, and the promotion of remote working and social distancing. These actions, while essential for public health, led to significant economic disruptions and a sharp decline in business activity across sectors.

In this context, access to essential goods and services—particularly food and medicine—became critical, and financial transactions played a vital role in sustaining daily life. E-banking services, by enabling digital transactions without physical contact, proved to be a crucial solution during this period. Online banking allows users to perform various financial activities such as fund transfers, balance inquiries, bill payments, and mobile recharges through internet-enabled devices, thereby ensuring continuity of financial operations while maintaining social distance.

This paper examines the impact of COVID-19 on e-banking services with a special focus on Port Blair, South Andaman, and highlights the various digital payment methods adopted during the pandemic to ensure safe and efficient financial transactions.

Keywords: Mobile Banking, Internet, Covid-19, Lockdown, Digital Payment

Introduction

Coronavirus disease 2019 (COVID-19) is an infectious illness caused by the novel coronavirus *Severe Acute Respiratory Syndrome Coronavirus 2* (*SARS-CoV-2*), initially identified during an outbreak of respiratory illness in Wuhan, Hubei Province, China. The World Health Organization (WHO) was first notified on December 31, 2019. Subsequently, on January 30, 2020, WHO declared it a global health emergency and later, on March 11, 2020, classified it as a global pandemic—the first since the H1N1 influenza outbreak in 2009.

Common symptoms of COVID-19 include fever, cough, respiratory distress, and shortness of breath. In severe cases, it can lead to pneumonia, acute respiratory syndrome, kidney failure, and even death. Preventive measures include frequent handwashing, covering the mouth and nose while sneezing or coughing, thorough cooking of meat and eggs, and avoiding close contact with individuals showing respiratory symptoms.

COVID-19 in India

The COVID-19 pandemic in India is part of the global outbreak caused by *SARS-CoV-2*. The first confirmed case was reported on January 30, 2020, in Kerala, among medical students returning from Wuhan, China. India subsequently witnessed one of the largest case counts in Asia. Lockdowns were imposed in Kerala on March 23, 2020, and nationwide on March 25, 2020.

By mid-May 2020, cities such as Mumbai, Delhi, Ahmedabad, Chennai, and Thane accounted for nearly half of the reported cases. The second wave, beginning in March 2021, was far more severe, marked by shortages of vaccines, oxygen cylinders, hospital beds, and essential medicines. On April 30, 2021, India became the first country to record more than 400,000 new cases in a single day. The national vaccination programme began on January 16, 2021, using Covishield, Covaxin, and Sputnik V vaccines, with millions of doses administered daily by April 2021.

Online banking

Online banking, also known as Internet or web banking, enables users to perform financial transactions over the Internet. It provides nearly all traditional banking services, such as deposits, transfers, and bill payments, through desktop or mobile platforms.

Understanding online banking

- **Convenience:** Customers can complete most transactions remotely without visiting a branch.
- **Requirements:** Online banking requires a device, an Internet connection, and registration with the bank's online portal.
- **Services offered:** These include fund transfers, bill payments, account openings, and credit card applications.
- **Mobile deposits:** Many banks now allow check deposits through mobile apps by uploading images of checks.

- **Limitations:** Certain services—such as wire transfers or mortgage applications—still require in-person verification.

During the COVID-19 pandemic, minimizing physical contact became one of the most effective containment measures. Consequently, many banks reduced branch hours and encouraged customers to use online channels. To promote digital usage, banks disseminated awareness messages, shared tutorials, and enhanced remote transaction capabilities, emphasizing the 24/7 accessibility and real-time convenience of online banking.

Review of literature

- **Duvvuri Subbarao (2016):** Highlighted the government's continuous efforts, along with the RBI, to transition India toward a less-cash economy by encouraging electronic payments.
- **Dr. V. Sornaganesh & Dr. M. Chelladurai (2016):** Examined the impact of demonetization on financial technology and payment services, emphasizing how digital transactions increased during the liquidity crisis.
- **G. Sudha & Dr. V. Sornaganesh (2019):** Found that demonetization significantly influenced consumer behavior, increasing reliance on mobile and Internet banking.
- **G. Sudha & M. Thangajesu Sathish (2020):** Reported that retailers widely adopted digital payment methods post-demonetization.
- **M. Thangajesu Sathish, R. Sermakani & G. Sudha (2020):** Suggested that while cash cannot be entirely replaced, trust and ease of use drive the adoption of mobile wallets.
- **Sreelakshmi & Prathap (2020):** Emphasized that awareness campaigns and online literacy programs enhance adoption of mobile banking during health crises.
- **Lakshmi, Gupta & Ranjan (2019):** Identified UPI payments as the most preferred digital method due to improved security and convenience.

Research Objectives

- To examine the role and importance of e-banking during the COVID-19 pandemic.
- To assess the impact of COVID-19 on e-banking services in daily business transactions.
- To study customer perceptions toward e-banking usage.
- To understand the transition from physical to mobile banking during COVID-19.
- To explore how e-banking supports social distancing policies.

Research Methodology

- **Primary Data:** Collected through a structured questionnaire from 50 respondents in Port Blair, South Andaman District.
- **Secondary Data:** Obtained from newspapers, magazines, and credible websites.

Duration of Study: February 2021 – May 2021.

Limitations of the Study

- Some responses may be biased or incomplete.
- Certain respondents were reluctant to share accurate information, affecting analysis accuracy.

Modes of Digital Payments

- **Bank Cards:** Include debit, credit, and prepaid cards with enhanced security features such as PIN and OTP.
- **Unified Payments Interface (UPI):** Integrates multiple bank accounts into a single mobile app for seamless peer-to-peer transactions.
- **Mobile Wallets:** Allow users to store and use digital money through apps like Google Pay, PhonePe, Paytm, and Freecharge.
- **Internet Banking:** Enables customers to conduct financial operations via bank websites.
- **Mobile Banking:** Offers remote banking through mobile apps for various financial transactions.

Effect of COVID-19: Rise in Digital Transactions

The pandemic accelerated the adoption of contactless payment methods, particularly UPI. Between March and August 2020, nearly one-third of total UPI transactions (₹14.26 lakh crore) occurred, highlighting a strong post-lockdown surge.

Though April 2020 saw a temporary decline, UPI transactions still surpassed April 2019 figures—₹1.51 lakh crore versus ₹1.42 lakh crore, respectively. The average daily transaction count grew from 3.33 crore in April to 5.22 crore in August 2020, reflecting increased consumer reliance on digital platforms amid social distancing norms.

Table 1: Average daily transactions

Month	No. of transactions (2020)	Average no. of transactions/day (2020)	No. of transactions (2019)	Average no. of transactions/day (2019)
August	161.883	5.22	91.835	2.96
July	149.736	4.83	82.229	2.65
June	133.693	4.45	75.454	2.51
May	123.45	3.98	73.354	2.36
April	99.957	3.33	78.179	2.60
March	124.684	4.02	79.954	2.57

Source: *NPCI,* ***Data visualization:*** *A J Vinayak*

In the post-lockdown scenario, the demand for contactless payments went up by young customers. Stating that many of these customers prefer avoiding the usage of currency notes post-pandemic, he said one of his customers even made the arrangements for QR code-based UPI transactions at his shop. Terming this mode of transaction as a new beginning for him in the post-Covid world, he said some of his old customers, who were paying in cash, are also using UPI now.

Table 2: User safety of online banking during covid-19 virus pandemic

Particulars	Max. satisfaction	Actual satisfaction	%
Using Online Banking for Payment of Bills	10	8.2	82%
Using Online Banking for Mobile and DTH recharge	10	8	80%
Using Online Banking for payment of Online Shopping/online food purchase	10	8.7	87%
Using Online Banking for payment of offline purchase on shop	10	5	50%
Transfer of Cash for other works	10	7	70%
Average	10	7.38	73.8%

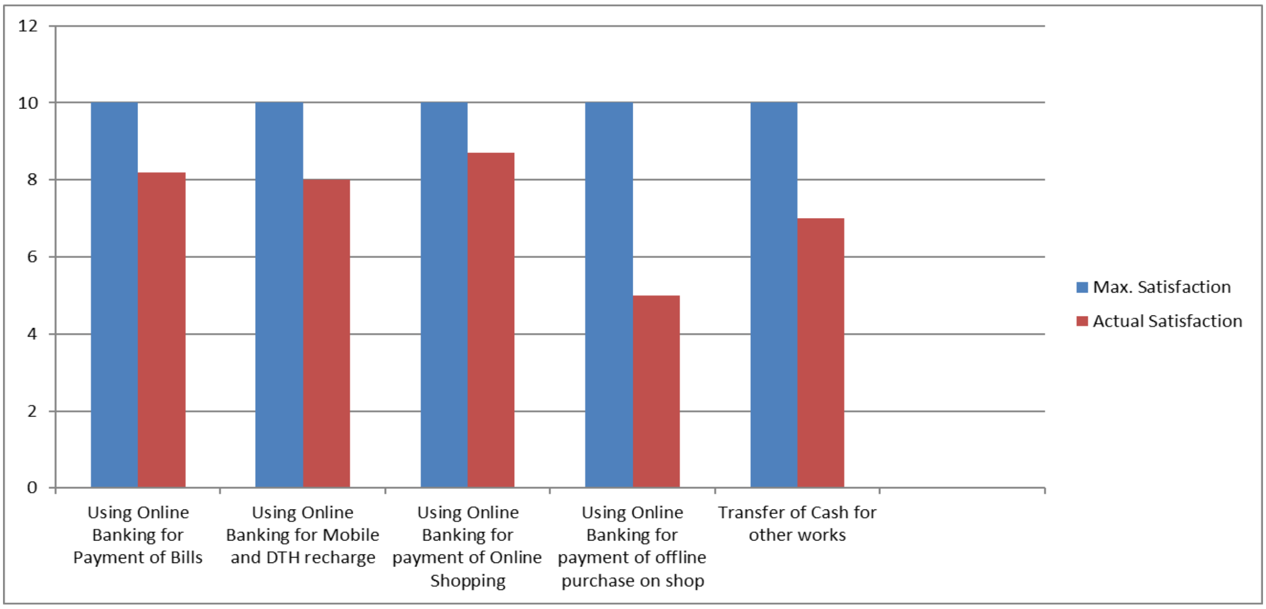

Fig 1: User safety of online banking during covid-19 virus pandemic

Conclusion

There is a strong and growing consumer momentum toward digital payments and online banking, supported by a well-established technological and institutional ecosystem. Consumers today are increasingly aware of the benefits and limitations of various digital payment platforms, reflecting a mature and informed market environment. To accelerate India's transition toward a less-cash society, efforts should focus on empowering users rather than merely promoting product features. This includes providing practical "how-to-use" guidance, accessible helplines for learning and troubleshooting, and robust security measures to ensure safe transactions. Digital adoption has now moved beyond the early adopters, with mainstream users embracing it widely. Encouragingly, even the lower-income segments of society are becoming active participants in this digital transformation.

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