Impact of Digital Financial Services among Rural Dwellers during COVID Pandemic

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Abstract

The contemporary digitalized society compels everyone to use technology. There is no second opinion that any individual can understand, access, and bring whatever he needs at their doorsteps. Like all sectors, Banking and Financial services deliver their services in the mode of Digital Finance and Financial inclusion. As Financial inclusions mean easy access to financial products and services and Digital Finance as providing affordable, secured, and convenient banking services through the internet, In-store mobile app and UPI, both addressed to ensure many benefits for businesspeople, Financial sectors, Government, and an individual. The current pandemic COVID forced the millennial people to know how to efficiently manage the available financial products and services. But for the people in rural and migrated, not much-educated people, how far capable to use the digital finance at ease. Hence, this study discusses some issues associated with digital financial services that have not been critically addressed in the literature review. The digital financial issues discussed in this article are related to how the rural dwellers can use digital financial services and that relevant for the ongoing situation in society. For research purposes, a semi-structured interview was scheduled with 120 people, as sample respondents of rural dwellers around Coimbatore city. The researchers revealed that how well the customers were satisfied with the digital finance method and found what kind of difficulty faced by the
rural dwellers when they make transactions in digital finance payment method where they felt easier.

**Key Words:** Digital Finance, Financial services and products, Rural Dwellers, Technology.

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**I. INTRODUCTION**

The current pandemic society has the relevance of digital finance for attracting the attention of people with a view to enrich economic development to safeguard themselves and the country. The impact of digital finance on financial system paves way for stability and easy to solve the digital issues. Many benefits are enjoyed by financial service users, providers, and individuals, even then the problems related to digital finance at security and usage level is still arises. This article focusses on the people from rural area and rural dwellers. How far these people cope-up with digital finance. Financial inclusions and Digital finance go hand in hand to increase nations’ overall financial system. The individual can better use these advantages if they aware of it. Hence the researchers have attempted to understand the satisfaction level and purposes and difficulties faced when rural dwellers select digital financial services during the covid pandemic.

**II. OBJECTIVE OF THE STUDY**

- To study the rural dwellers satisfaction level while using digital finance methods during Covid Pandemic.
- To study the frequency and purpose of usage of digital payment by rural dwellers during Covid Pandemic.

**Statement of the Problem**

The decision to use traditional method or digital method is based on people’s mind set, needs and necessities. The covid pandemic situation makes all the people to adopt digital world. The literacy level, Family culture and Psychological traits of rural dwellers challenges their usage of digital finance. The frequency and purpose of usage, authenticating security level are the factors influence the rural dwellers to select digital method. Hence there is a need to study the satisfaction level of rural dwellers while using digital finance during covid pandemic which will leads policy and service providers to recreate the financial inclusion and digital finance system, if needed.
III. LITERATURE REVIEW

- Ozili, Peterson K. "Contesting digital finance for the poor." Digital Policy, Regulation and Governance (2020), discussed the issues in digital finance, which arises from their exposure to digital finance and explains the benefits which poor people lagged to get immediately.

- Natile, Serena. "Digital Finance Inclusion and the Mobile Money “Social” Enterprise" (2020), viewed the mobile money project and digital payment system in Kenya. The researcher brought the institutional arrangements and international political policy together to build and develop the digital financial infrastructure, for improving the lives of untended beneficiaries.

- Tabitha, and G. Stella. "Digital finance and its impact on financial inclusion" (2019), in this article defines the Financial inclusion and ensuring access to financial services by vulnerable groups. The authors insisted 5 affordable potentiality of digital finance. And concluded that digital finance provides greater control over customer personal finance and ability to make and receive payments quickly in digital world with faster decisions.

- Ren, Biyun, et al. "The financial exclusion in the development of digital finance—a study based on survey data in the jingjinji rural area" (2018), examined the impacts of digital finance on household consumptions. The authors suggested that less financial literacy, lower income and households with fewer assets not supported the consumption categories, but digital finance promotes positively. In consumption structure, recurring household expenses are promoted with digital finance. Further the researcher analysed, how mediating variables like online shopping, digital payments and other financial products through digital finance influenced the household consumptions.

Research Design

The research study is descriptive which focus on the impact of digital financial services among rural dwellers during COVID Pandemic. The factors and information are collected by semi-structured interviews with rural dwellers. The judgemental sampling method used to select sample respondents of 120 rural dwellers in and around Coimbatore city, Tamilnadu.

Analysis and Discussion

The information related to the profile of the respondent of rural dwellers in and around Coimbatore city and their digital financial services were assessed and posted in below table.
The researcher used simple percentage analysis to determine relationship between series. It is inferred from the responses that people of rural and migrated to city-side prefers traditional method which is not safe during Covid Pandemic. For payments and doing mobile recharge using digital financial services. The difficulties faced are mostly to access because of lack of technical knowledge.

### TABLE 1
**RESPONDENTS’ DIGITAL FINANCIAL SERVICES**

| S. No | Variable                              | Category                          | Number of Respondents | Percentage (%) |
|-------|---------------------------------------|-----------------------------------|-----------------------|----------------|
| 1     | Preferred Usage Method                | Traditional Method                | 68                    | 56.67          |
|       |                                       | Digital Method                    | 52                    | 43.33          |
| 2     | Safe and Easy Digital Financial source| G-Pay / Phone Pay/ Paytm          | 33                    | 27.5           |
|       |                                       | ATM                               | 36                    | 30             |
|       |                                       | Mobile Phone                      | 26                    | 21.67          |
|       |                                       | Internet Banking                  | 10                    | 8.33           |
|       |                                       | In-Store app                      | 15                    | 12.5           |
| 3     | Frequency of Usage                    | Daily                             | 19                    | 15.83          |
|       |                                       | Weekly                            | 52                    | 43.33          |
|       |                                       | Monthly                           | 20                    | 16.67          |
|       |                                       | Often                             | 29                    | 24.67          |
| 4     | Purpose of using Digital Financial services | Ticket Booking                 | 8                     | 6.67           |
|       |                                       | Fund transfer                     | 22                    | 18.33          |
|       |                                       | Bill Payment                      | 17                    | 14.67          |
|       |                                       | Recharge                          | 31                    | 25.83          |
|       |                                       | Shopping                          | 19                    | 15.83          |
|       |                                       | Loan Payment                      | 23                    | 19.67          |
| 5     | Digital Financial Services            | Payments                          | 43                    | 35.83          |
|       |                                       | Credits                           | 19                    | 15.83          |
|       |                                       | Savings                           | 21                    | 17.5           |
|       |                                       | Remittances                       | 8                     | 6.67           |
|       |                                       | Insurance                         | 29                    | 24.67          |
| 6     | Difficulties Faced                   | To Access                         | 42                    | 35             |
|       |                                       | Low Data Speed                    | 33                    | 27.5           |
|       |                                       | Lack of technical knowledge       | 45                    | 37.5           |

Source: Primary Data
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Digital Financial Services and Satisfaction

The below correlation table shows the linear relationship between digital financial services and satisfaction level.

**TABLE 2**
RESPONDENTS’ SATISFACTION ON DIGITAL FINANCIAL SERVICES

| Correlations          | DSF          | Satisfaction Level |
|-----------------------|--------------|--------------------|
| **Spearman's rho**    |              |                    |
| Digital Financial     | Correlation  | -.506**            |
| Services              | Coefficient  | 1.000              |
| Sig. (2-tailed)       | .000         |                    |
| N                     | 120          | 120                |
| Satisfaction Level    | Correlation  | 1.000              |
| Coefficient           | -.506**      |                    |
| Sig. (2-tailed)       | .000         |                    |
| N                     | 120          | 120                |

Correlation is significant at the 0.01 level (2-tailed).

Source: Primary Data

Based on the analysis, it is stated that digital financial services and rural dwellers satisfaction level have a statistically nonsignificant linear relationship, and negatively correlated. (r, (120) = -.506, p = .000) From the analysis, association between digital financial services and satisfaction of rural dwellers is a perfect negative association.

**IV. SUGGESTIONS**

The authors suggested that digital solutions will be more convenient during covid pandemic. With a view to avoid direct contact digital methods are the best one. Even though financial institution introduced secured financial inclusion and digital financial services which is easy and convenient for the people. But the people from rural area, literally back with technical knowledge makes them to be dissatisfied, to avoid such things the financial institutions should arrange Awareness Camp. The current situation necessitates a digital financial management system, can be possible by integrating financial features so that users can easily analyse their financial positions.

**V. CONCLUSIONS**

The research study concluded that digital financial services are emerged as a convenient component during this covid. Despite the benefits of digital financial services, the difficulties faced by rural dwellers mostly due to lack of technical support and access the digital products. This study revealed that how well the rural dwellers prefer traditional method because of the difficulties faced. It is concluded that the satisfaction level in digital financial services is not high, hence arranging awareness camp may bring solution. Now the Covid pandemic made all to turn towards digital, to
be as safe and secured. The financial stability and avoiding economic crisis pose a challenge for digital financial services.

VI. REFERENCES

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