

ROLE OF FINANCIAL INCLUSION AND ONLINE BANKING DURING COVID-19

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Abstract-*In the current scenario, the world is facing the issue which was not predicted by any country that is the severe health crisis, which is originated from the coronavirus disease. Death toll rises daily so the government introduce lockdown to prevent the spread of COVID-19. Economic activities came to halt during this period and it affects the economy as a whole. Due to this pandemic situation vulnerable household, individual and small-scale industries are facing major issues like hunger and no profit due to no sale in the lockdown period. Are financial inclusion and online banking being the way to overcome from this difficult time? In this study, I want to find out the benefits and the steps taken by the government to promote financial inclusion and online banking. The study found that with financial inclusion, poor people can take medical benefits and online banking can prevent the physical contact of the people while doing the financial transaction. In 2014, Prime Minister Modi's announced financial inclusion initiative by introducing "Jan Dhan Yojana". In this crisis period government directly transfer cash into the account of the vulnerable section. The government of India has to boost up its digital finance efforts in the COVID-19 period. It is aggressively promoting the use of UPI (Unified Payments Interface) for transactions among users.*

Keywords: *financial inclusion, online banking, digital banking, COVID-19, coronavirus.*

1. INTRODUCTION

This paper is based on the subject that what is the role of financial inclusion and online banking during COVID-19. The term COVID-19 (coronavirus) is the health crisis which is being faced by the whole world. It is a pandemic situation for which the whole world is struggling. This disease originated from SARS-CoV-2 – a novel strain of coronavirus from the SARS species (Ozili and Arun,

2020). The number of people affected by this particular disease is very high and side by side the death toll rises daily. It not only affects the health of an individual but also affects the economies of developed and developing countries. But developing countries are facing more problem during this health crisis because of the lockdown situation. Economic activities stopped during this period and it affects the economy as a whole. The majority affected by this lockdown or health crisis are vulnerable individual and household who are not able to full fill their daily needs and also the small-scale industries that are facing the issue of no revenue generation.

In India, due to the lockdown, the operations of various businesses are affected as no revenue generation is happening reason being people continue losing their jobs and suffering for daily needs. The government already reacting towards this situation and ready to take the necessary steps for the benefit of vulnerable people. For assisting poor people government with the financial institutions can come up and provide financial support to them so that they can survive the crisis.

Developing countries have the largest share of the world's unbanked population (Chaia et al, 2009; Cull et al, 2013; Dupas et al, 2018), in India, according to Global Findex now 80% of the adults have bank accounts and rest are unbanked. Financial inclusion helps to overcome the negative effects of economic crisis and in this current period, online banking can help people to transfer their money to the needy one. So, in this study, we want to explore the role of financial inclusion and online banking in COVID-19.

2. OBJECTIVES

The objectives of this paper are:

- To study the benefits of Financial Inclusion and Online Banking during COVID-19.

- To know the steps taken by the banks to promote financial inclusion and online (digital) banking to help the poor section.

3. RESEARCH METHODOLOGY

The methodology applied in this particular paper is exploratory. In this study, the researcher wants to explore what are the steps taken by both government and banks to promote financial inclusion and online banking during COVID-19 in India.

4. BENEFITS OF FINANCIAL INCLUSION DURING COVID-19

Financial inclusion provides financial assistance to vulnerable groups. It provides financial cover to all who need it. In the current health crisis, several governments take the shelter of financial inclusion to execute the various policies for transferring the money to poor individuals and households. To transfer monetary benefits directly into the account, the 100 per cent financial inclusion is required and online platform is need of the hour.

Financial inclusion helps to track the economic and financial impact of COVID-19 and make policies to moderate its impact. Due to COVID-19 SMEs suffer the most and it creates a threat for the global and Indian economy to recover. The profitability of SMEs suffered because of lockdown and workforce those employed in these SMEs become unemployed. SMEs transactions are recorded through banks which includes cash withdrawals, deposits and wage payments, card transactions, and loan applications and approvals. Therefore, for businesses economic activities banking data creates real-time, high-frequency sources of information during this crisis. The more a country inclined towards financial inclusion and larger the people in a country are financially included, the more banking data can track the impact of COVID-19 and policies can alleviate its effects.

5. BENEFITS OF ONLINE BANKING DURING COVID-19

Online banking plays a crucial role in this COVID-19 period, government transfer the money to the bank account to helps the poor families and vulnerable group. But merely, transferring the money into the bank account is not enough to protect

them from the diseases, because the people who live in rural areas need to visit the bank to withdraw their money. The government provide them ATM cards so that they can withdraw money from nearest ATM centre, perform online shopping and purchase grocery from the store with the ATM card. Online banking allows transferring money to their relatives who live anywhere in the world. They can help poor people by recharging their phone online or transfer money to hospital account for the treatment.

Online banking not only is convenient, time-saving but also provide financial aids and health benefit to the public in this current pandemic situation. Online banking not only beneficial to the user but also for the banks. In the current scenario if the government wants to achieve the full financial inclusion it can be possible through online mode only.

6. STEPS TAKEN BY THE INDIAN GOVERNMENT TO PROMOTE FINANCIAL INCLUSION AND ONLINE BANKING (DIGITAL BANKING)

The government of India has to boost up its digital finance efforts in the COVID-19 period. It is aggressively promoting the use of UPI (Unified Payments Interface) for transactions among users. Fintech plays a critical role in the rural and remote areas of India by emerging an efficient service of money transactions for economic and individual relief. As a result, bank collaborates with smaller technological companies for digital offering and capture more customer. Various bank partnership with fintech provides services like Mobile ATMs or Cash Vans and Cash@POS services and UPI-QR based withdrawals on ATMs, to offer easy access to cash during a health crisis.

Indian government takes various steps to help the workers those migrates from their working place and those are poor. The finance minister announced relief schemes for poor citizens, foremost the relief package for 80 crore Indians under Pradhan Mantri Gareeb Kalyan Yojana (PMGKY), under which food security and social security benefits including direct benefit transfer (DBT) in the form of cash included. Other schemes are home delivery of cash and pensions by Indian Post in some states.

Direct money transfer also is done by the government in those accounts that came under Jan Dhan Yojana. After successful application of direct benefits under PMGKY centres on the continuous

functioning of the Jan Dhan-Aadhar-Mobile (JAM), and other digital infrastructure such as the Aadhar-enabled Payment System (AePS), bank Mitras, adequate cash in ATMs and the capacity to continually service ATMs, and banks.

7. FINDINGS

The findings of the study are listed below:

- In 2014, Prime Minister Modi's announced financial inclusion initiative by introducing "Jan Dhan Yojana". In this crisis period government directly transfer cash into the account of the vulnerable section.
- The government of India has to boost up its digital finance efforts in the COVID-19 period. It is aggressively promoting the use of UPI (Unified Payments Interface) for transactions among users.
- Fintech plays a critical role in the rural and remote areas of India by emerging an efficient service of money transactions for economic and individual relief. As a result, bank collaborates with smaller technological companies for digital offering and capture more customer.
- Online banking transaction increased because now grocery items are also delivered online, it leads to the option of online purchase.
- People those are residing in urban areas can easily transfer their money digitally to those who are living in rural areas.
- Various bank partnership with fintech provides services like Mobile ATMs or Cash Vans and Cash@POS services and UPI-QR based withdrawals on ATMs, to offer easy access to cash during a health crisis.
- The finance minister announced relief schemes for poor citizens foremost the relief package for 80 crore Indians under Pradhan Mantri Gareeb Kalyan Yojana (PMGKY), under which food security and social security benefits including direct benefit transfer (DBT) in the form of cash included.

- Other schemes are home delivery of cash and pensions by Indian Post in some states.

CONCLUSION

In the present scenario financial inclusion and online banking plays an important role in helping the poor and vulnerable group. Financial inclusion provides financial assistance to vulnerable groups. It provides financial cover to all who needs it. In the current health crisis, several governments take the shelter of financial inclusion to execute the various policies for transfer the money to poor individual and household. Government transfer cash directly into the accounts of poor people this is done through online banking. But merely, transferring the money into the bank account is not enough to protect them from the diseases, because the people who live in rural areas need to visit the bank to withdraw their money. So, the government encourage the use of UPI (Unified Payments Interface) for transactions among users. After this pandemic situation bank and user are more inclined towards the online platform of availing the financial services and financial inclusion mission which was started by Prime Minister Modi's since 2014 will reach a new height.

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