Impact of Pandemic on Fintech Services among Young Netizens

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Abstract - *The COVID-19 pandemic impacted socioeconomic situations worldwide. As a result, it put the financial sector in a risky scenario. The development of financial Technology (FinTech) has the potential to improve Financial Inclusion significantly. The purpose of the study is to evaluate the effect of fintech usage in COVID-19 among young Netizens (internet users). The researcher focused on three factors Financial Awareness, Fintech Trends, and Financial Inclusion; as a result, they found that these factors are interrelated. The researchers found that the trend of using Fintech is positively increasing due to the pandemic situation in India. During the Pandemic, many apps started competing with each other and helped in cashless workings in the economy. After analysing the result, we found the further scope of the study on another dimension of Fintech that could be useability, suitability, and compatibility.*

Key Words: Netizen, Fintech, Financial Inclusion, Financial Awareness, COVID-19.

1. INTRODUCTION

Numerous individuals consider the 21st century as the era of technology, where it has become an indispensable component of our daily existence and is acknowledged as a cornerstone of economic development. An economy that lacks technology cannot grow in the current cut-throat competitive environment. This results from how much our work has been made easier and faster by technology [14]. The utilization of scientific knowledge for practical human purposes is termed technology. In the current context, technology extends beyond industrial applications and has made significant inroads into the realm of finance. Financial Technology is also named Fintech. One of the industries with the highest digital technology usage is the financial one. Fintech (financial Technology) refers to these technological improvements and advancements in finance [9. While Fintech might appear as a contemporary surge in technological progress, the concept itself is far from novel. The evolution of Fintech paved the way for the integration of bank mainframes and online stock trading.

1.1 The Evolution of the Fintech Industry

A New York banker first gave the nomenclature "FinTech" in 1972 [18]. Barclays launched the first ATM in the world in 1967, and the company went public in 1971. The fintech industry experienced a tremendous revolution because of the rapid growth of the internet in the 1990s. In the initial online payment stage in 1998, PayPal was founded and is now the leading digital currency. Since the launch of Google Wallet in 2011 and the introduction of Bitcoin in 2009, fintech start-ups have increased everywhere. Innovations that are breaking new ground are preparing for a fintech revolution. According to EY's 2017 Fintech Adoption Index, a third of customers are using two or more fintech services, and these customers are becoming more cognizant of fintech's role in their everyday routines. The following nine technologies or technology-enabled trends were recognized in recent research by Ernst & Young (2016) titled Capital Markets: Innovation and the FinTech Landscape that can, individually or collectively, promote present-day and future FinTech innovations: 1. Cloud computing 2. Externalisation of services and processes 3. Automated Robotic Processes 4. Cutting-edge Analytics 5. The Digital Revolution 6.Blockchain 7.Smart Contracts 8. Artificial Intelligence (AI) 9. Internet of Things.

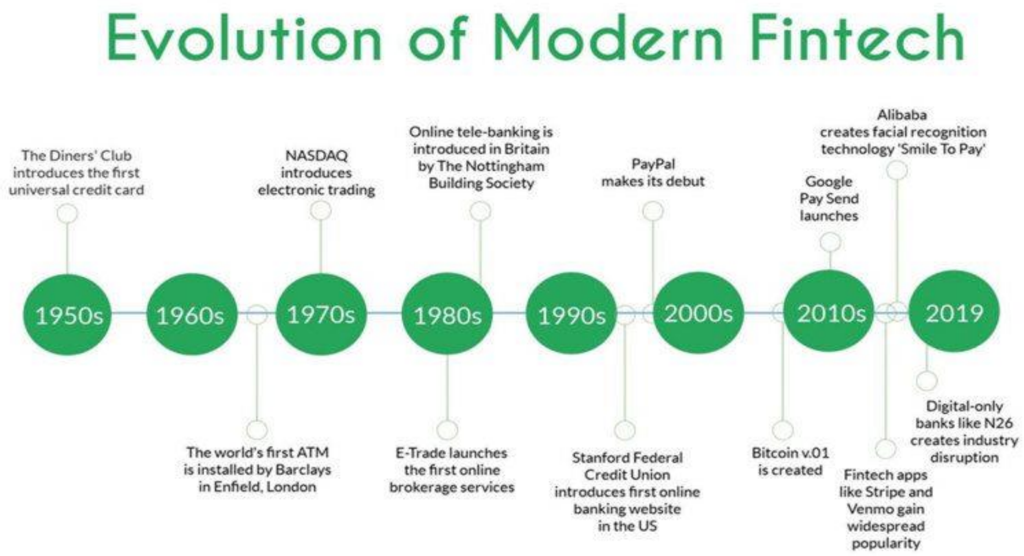

Figure: 1 Evolution of Fintech

Source: https://financesonline.com/what-is-fintech/

1.2 Fintech Scenario

FinTech has taken off globally, becoming commonplace in all markets examined. The adoption rate is 87% in China and India, two emerging economies setting the pace. The Netherlands, the UK, and Ireland have the highest adoption rates among wealthy nations, partly reflecting the growth of open banking in Europe. FinTech services have strong consumer awareness, but money transfer and payment services stand out. 99.5% of consumers in India and Russia know FinTech services are accessible for money transfers and payment processing.

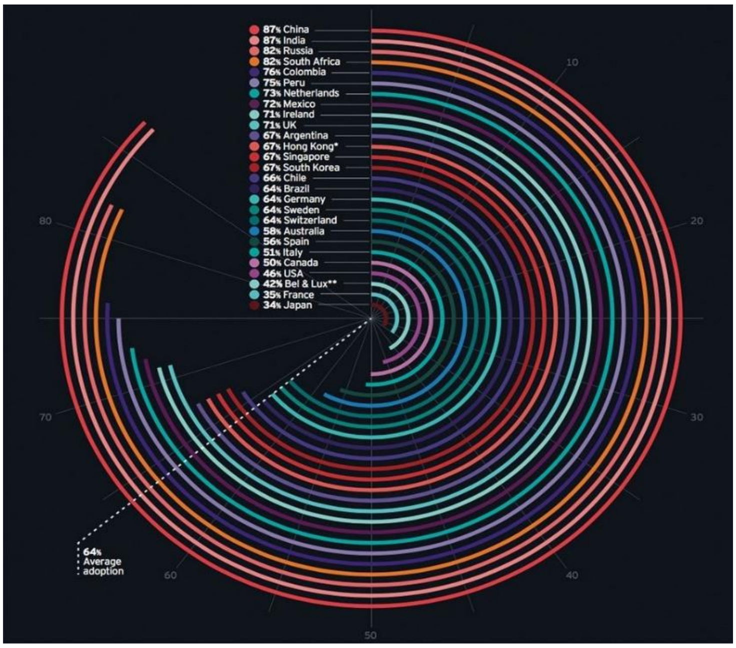

Figure: 2 Consumer Fintech Adoption across 27 Markets

Source: EY Fintech Adoption Index 2019 Country Dashboard

1.3 Pandemic

On March 11, 2020, the World Health Organization officially declared the outbreak of Corona Virus Disease 2019 (COVID-19) as a pandemic. India currently holds one of the highest rates of COVID-19 infections globally, with more than 2.5 million confirmed cases and a rising death toll [15].

1.4 Young Netizens

A netizen is a person who actively participates in an online community of the internet. Approximately 346 million Indians participate in online activities, such as e-commerce and digital payments, according to research from the Internet and Mobile Association of India (IAMAI). The global coronavirus epidemic, according to the IAMAI study paper titled "Internet in India," has caused a surge of 51% in online transactions in India from 230 million in the previous two years. In India, 900 million people will be online by 2025, according to a study. A 2019 poll found that around 54 percent of Indian internet users are between the 20 to 39 years old category.

2. RESEARCH QUESTIONS

1. Which factors influenced young netizens to accept fintech pre and during the pandemic?
2. What is the level of awareness about Fintech services among young netizens?
3. What is the role of Fintech services in financial Inclusion during the pandemic?

3. REVIEW OF LITERATURE

[2]. concluded that fintech sectors had grown fast during covid 19. Fintech played an essential role in technological advancement and the world economy.

[12]. concluded that there is a significant positive correlation between factors that promote Fintech and its acceptance in Vietnam. This observation indicates that society is technologically advanced and open to embracing innovations in the financial sector.

[17]. concluded that there is a correlation between the respondents' demographic characteristics and risk, awareness, and critical investing criteria for futures and options trading on the Indian stock market.

[4]. concluded that the COVID-19 pandemic impacts consumer fintech P2P lending. That is why a consumer should get legal protection through stimulus provided to lenders and borrowers of Fintech P2P lending.

[16]. findings showed that every analyzed determinant impacted customers' opinions about online payments instead of age. The research also gave fruitful suggestions for online payment betterment and counsel to boost online payment for the success of online business functions.

[19]. According to the results, perceived risk, performance expectations, and effort expectations were found to impact users' perceptions of the value of MFS platforms during the COVID-19 pandemic. Interestingly, the study's findings showed that users' choices to use MFS platforms during the pandemic were unaffected by their perceptions of danger.

[10]. the results of this study illustrate that COVID-19 has brought about significant changes in the key factors influencing P2P lending. As per these findings, P2P FinTech financing has emerged as the most viable alternative credit choice for borrowers.

[7]. This article promotes the "ABCDEF" after-covid-19 impacts model, considering how big data, blockchain technology, artificial intelligence, and customer experience interact holistically. The "ABCDEF" impacts model for COVID-19 highlights the significance of three levels, including developing Technology, data analytics, and human factors. The "ABCDEF" effects model for post-COVID-19 enables stakeholders to think about all issues influencing the "next normal" era.

[11]. This study uses a quantitative descriptive approach to examine the state of the FinTech financial services sector in Indonesia during the Covid-19 epidemic. The COVID-19 pandemic's severe movement restrictions and the PSBB policy's widespread social restrictions have increased the amount of electronic money being paid out. They displayed a negative trend compared to clearing turnover, and RTGS transactions have improved.

[1]. findings showed that Social distancing could impact online settlements. This suggested the regulatory authorities react fast to the necessary constancy of the According to Reg-Tech, the financial system is in the purview of the advancement of the online setoff sector, particularly the ones resulting from FinTech.

[3]. the study revealed significant antecedents such as fear, social influence, awareness, and trust that lead to favourable product adoption by assessing a set of hypotheses on willingness to adopt Fintech. The study presented a direction for future research and examined the theoretical and managerial consequences of the study.

[6]. concluded that the world we humans enter would be very different from what we previously believed we understood. Because of the COVID-19 issue, more digital Fintech-based operations are anticipated. The contribution of Islamic Fintech and the uptake of Fintech by customers of Islamic financing will be crucial to the post-covid recovery.

3.1Objectives

- To measure the factors influencing young netizens' acceptance of fintech pre and during the pandemic.
- To explore the level of awareness about Fintech services among young netizens.
- To determine the role of Fintech services in financial Inclusion during the pandemic.

3.2 Hypotheses

H_{01}: There is no significant relationship between Financial Awareness (FA) and Financial Inclusion (FI) during the covid-19 pandemic.

H_{02}: There is no significant relationship between Fintech Trends (FT) and young Netizens' Financial Inclusion (FI).

H_{03}: There is no significant relationship between Financial Awareness (FA) and fintech trends (FT) in the covid-19 pandemic.

3.3 Operational Definition

In this study, the researcher considered the age group of 21-39 years as young netizens.

4. RESEARCH METHODOLOGY

The researchers collected data through Google Forms based on the convenience sample technique. The questionnaire was distributed to 250 young Netizens of the Anuppur district of Madhya Pradesh, India, in July and August. Two hundred questionnaires were found suitable for the study. The criteria for informants from this Sampling were 21-39 years who have used Fintech Services.

5. RESULTS & ANALYSIS

Table 1. Reliability Test

Cronbach's Alpha	N of Items
0.835	29

According to [13], a good match is a reliability rating greater than 0.70. Additionally, Table 1 displays a Reliability score of 0.835, higher than the benchmark value, demonstrating the high level of question reliability in the survey.

Table 2. Descriptive Statistics

Particular	**Frequency**	**Percentage**
Gender		
Male	117	58.5

Female	83	41.5
Age		
15-20	12	6.0
21-26	42	21.0
27-32	109	54.5
33-38	37	18.5
Education		
Intermediate	42	21.0
Graduate	44	22.0
Post Graduate	78	39.0
Ph.d	36	18.0
Region of Residence		
Urban	37	18.5
Semi-Urban	121	60.5
Rural	42	21.0
Own Income		
0- 1 lakh	74	37.0
1-2 lakh	67	33.5
2-3 lakh	11	5.5
3-4lakh	10	5.0
4-5lakh	38	19.0

Table 2 shows that the proportion of males is 1.5 times that of female respondents, which are 58.5% and 41.5%, respectively, meaning males are more familiar with Fintech than females. Most respondents belong to the age group of 27-32 Years, and most of them are postgraduates; that also reflects that the young generation of graduates has faith and willingness in Fintech; they are less hesitant in technology adoption. In this research, most respondents belong to semi-urban and urban areas, showing that the urban population is more tech-friendly than rural areas. Most of the fintech user's income is 1-2 lacs, and the second highest income group belongs to 4-5 lacs, reflecting that almost all income groups are aware of Fintech.

Table 3. Correlation Analysis

	Financial Awareness R	**Financial Inclusion R**	**Financial Trend R**
Financial Awareness		0.503	0.539
Financial Inclusion	0.503		0.841
Fintech Trend	0.539	0.841	

Table 3 shows an R-value of 0.503 as an association between Financial Awareness & Financial Inclusion, 0.539 for Financial Awareness & Fintech Trend, and 0.841 for Financial Inclusion & Fintech Trend, which is significantly and positively associated at a 5% level of significance. Overall, it indicates a positive association between Financial Awareness, Financial Inclusion, and Fintech trends of young Netizens for Fintech Services.

Table 4. Regression Analysis

S.no	Variables	R square	Variance (R)	F	Beta
(i)	**Independent - Financial Awareness** **Dependent- Financial Inclusion**	0.253	25.30%	67.226	0.503
(ii)	**Independent - Fintech Trend** **Dependent- Financial Inclusion**	0.707	70.70%	478.42	0.841
(iii)	**Independent variable- Financial Awareness** **Dependent- Fintech Trend**	0.29	29.00%	80.918	0.539

Table 4 presents the results of regression analyses conducted on various study variables across three distinct cases. In the first case, "Financial Awareness during the Pandemic" is treated as the independent variable, while "Financial Inclusion" serves as the dependent variable. The analysis yielded an R-squared coefficient of 0.253, an F-value of 67.226, and a beta coefficient of 0.503.

Similarly, in the second case, the independent variable was the "Fintech trend," with a coefficient of 0.707, and the dependent variable was "Financial Inclusion," resulting in an R-squared value of 0.707, an F-value of 478.423, and a beta coefficient of 0.841.

In the third case, the independent variable was "Financial Awareness," and the dependent variable was the "Fintech trend during the pandemic." The analysis revealed an R-squared value of 0.290, an F-value of 80.918, and a beta coefficient of 0.539. Notably, these findings were found to be statistically insignificant at a 5% significance level, as the P-value exceeded 0.05.

The F-values associated with these three cases, namely 67.226 (i), 478.423 (ii), and 80.918 (iii), respectively, indicate that the final model significantly enhances researchers' predictive capabilities regarding the dependent variables. Consequently, the models demonstrate a strong fit. In summary, the overall results suggest a positive impact of Fintech on young netizens during the COVID-19 pandemic.

5.1 Hypotheses Testing

The first hypothesis, H_{01}, positing that there is no significant correlation between Financial Awareness and Financial Inclusion during the COVID-19 Pandemic, was refuted based on the findings presented in Table 4. The test results affirm that the predictor variable of Financial Awareness substantially predicts Financial Inclusion (H_{01}: Adj. R^2=0.253, F=67.226, Beta=0.503, Sig=0.000).

Similarly, the second hypothesis, H_{02}, which suggested no significant association between Fintech trends and the Financial Inclusion of young Netizens, was also rejected. The results in Table 4 validate that the predictor variable of Fintech Trends significantly predicts Financial Inclusion (H_{02}: Adj. R^2=0.707, F=478.423, Beta=0.841, Sig=0.000).

Lastly, the third hypothesis, H_{03}, positing no significant relationship between Financial Awareness and Financial Trends in the COVID-19 pandemic, was contradicted by the test results. The outcomes presented in Table 4 confirm that the predictor variable of Financial Awareness indeed significantly predicts Financial Trends (H_{03}: Adj. R^2=0.290, F=80.918, Beta=0.539, Sig=0.000).

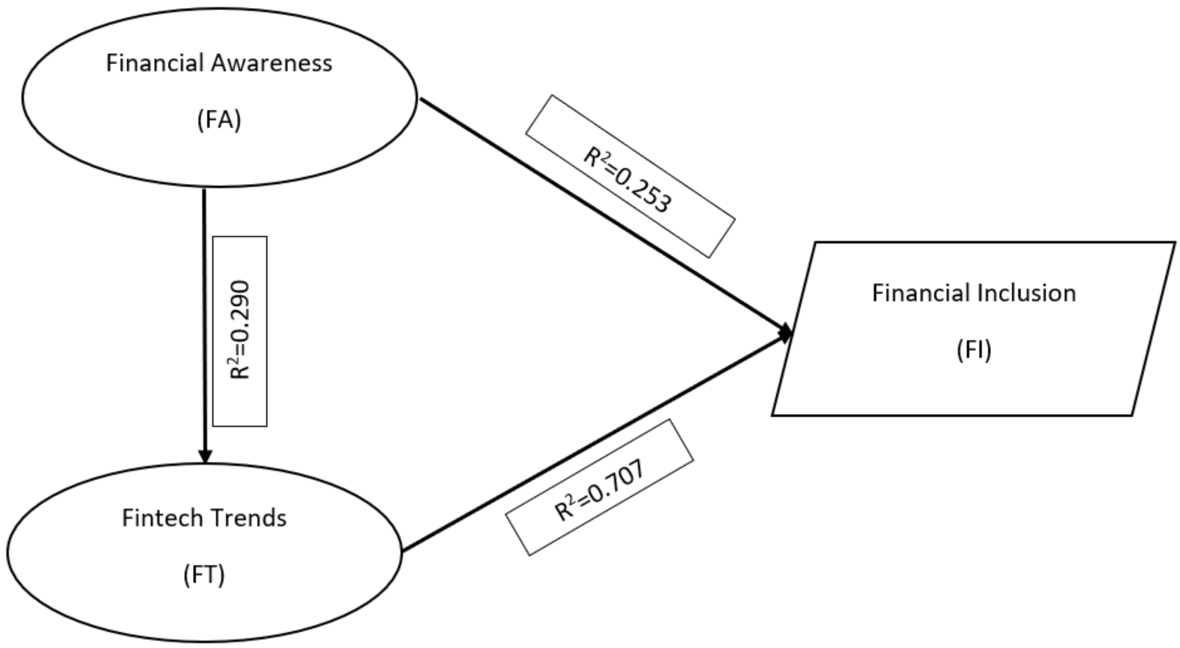

Figure: 3. Relationship among Hypotheses

Source: Author's Compilation

6. INTERPRETATION & CONCLUSION

The researcher used a descriptive analysis approach in this study to determine how financial technology has affected young netizens and whether fintech has increased financial inclusion. In this procedure, the researcher created a questionnaire to fulfill the study's objectives and gathered information from 200 target respondents. The tool's reliability was also tested through Cronbach alpha (α), and the obtained value was sufficient for further analysis as per the doctrine of statistics. The impact of correlation among variables was examined, and it was discovered that there was a medium and high correlation between the variables. Regression analysis was employed to evaluate the proposed hypothesis, and all null hypotheses were rejected, indicating a strong correlation between financial awareness and inclusion. The utilisation of fintech trends positively impacts financial Inclusion. The adoption of Fintech and financial awareness are strongly related in the same way.

According to the data collected for this study, the younger male generation, which comes from urban and semi-urban areas, are graduates with modest salaries and had a greater interest in fintech. Financial literacy also encourages young netizens to invest more, which expands the market's credit supply and raises standards of living.

The trend of usage of Fintech was positively shifted during the covid-19 pandemic and contributed to financial Inclusion and financial knowledge. Fintech made life easier during the pandemic. Notably, mobile-based fintech apps were more helpful during and after the pandemic. Fintech apps for mobile devices have increased, fostering healthy market competition and also helping eradicate unemployment.

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