

# Effect of SARS-CoV-2 on E-Commerce & E-Banking in India

Addhyan Negi

School of Management, Gautam Buddha University, Greater NOIDA, Uttar Pradesh, India

**Abstract** - Due to the COVID 19 Pandemic many sectors have been affected, in this article we would be studying about only E-Commerce & E-Banking, how these sectors helped each other and how they worked during the pandemic to help the population.

**Key Words:** SARS-CoV-2, Management, Investment, Stocks.

## 1. INTRODUCTION

As the recent lifestyle of staying at home is proving to be profitable for e-retailers, as people are turning their attention towards online buying & selling which has become a leading and expanding trend nowadays. When there wasn't any pandemic and everything was working fine everyone were free to move and can easily interact with each other, can easily interact with all kinds of retail domains, businesses and at that time online markets were not in attention that much. As due to pandemic many companies were shutting down, it's a golden opportunity for many new market emergents to fill up the niche easily with a lot of leads available in the market. Sectors like food, healthcare, garments, jewelry and even entertainment are constantly working to increase their platform's capacity to fulfill the gap which has been created due to closed shops. The higher influx in groceries section is increased noticeably as they are essentialities which are needed by humans during the lockdown, so e-retailers providing groceries had growth a lot. Now website development has also been increased with increase in the demand during the pandemic.

### 1.1 Population Demographics and Recent Trends going through E-Commerce sites.

With the population of approximately 1.33 billion people, there are a total of 13.8 million conventional families which are currently running neighbourhood stores out of which 10% is running organised retail sectors. Out of the organised sector includes all major stores & online shopping sites. As there had been a boom in e-commerce sector in India, but still Indians prefer to have more faith in neighbourhood brick and mortar stores for buying day to day articles as Indians prefer to have a visual and physical view of the matter which they are buying, Indians also have an instinct to ask for discounts over the counter, before buying. In India to draw customers, every other B2C ecommerce retailer is giving away discounts, exchange offers and other offers. As Indian shoppers are known to be cost-conscious and conservative they generally don't fall easily into the trap of advertisements &

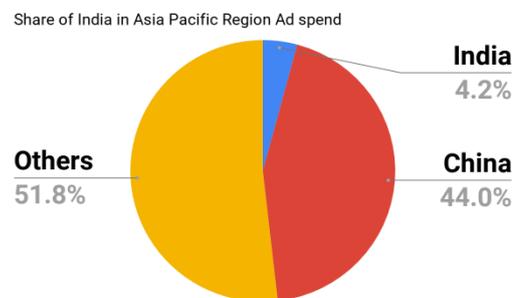
promotions as being conservative is a part of the value system of Indians.

### 1.2 Effects of Advertising in different countries

Meanwhile US being at top with over \$ 242 billion spending, India comes 11 with just \$ 9.98 billion spending which is why still promotions can't reach accurately to each and every person easily. As according to calculations USA has per capita of \$ 731.111 / person for advertisement that is why each and every promotion reaches to each and every person easily but that isn't the case in India, as people living in rural areas always forbidden by advertisers as everyone prefers to induce their advertisements to city or towns which have a dense population and can easily make leads.

India is fastest growing Advertising Industry,

Share of India in the Asia Pacific Region Ad spend in 2014 : 4.2%



Pic1: Share of India in Asia Pacific Region (Total Ad Spend)

### 1.3 How SARS-CoV-2 Coronavirus affected E-Commerce.

With the exponential growth in internet and other related infrastructure in India, e-commerce markets also experienced a surprise boost too with this growth. As internet penetration is increasing year by year which is also increasing share of the organized sectors within retail markets with a strong foundation that e-commerce needs. This all happened with the help of various governmental policies which allowed 100% foreign direct investment in B2B e-commerce.

E-Retails which made this lockdown more profitable were grocery businesses including Grofers, BigBasket and grocery arms of Flipkart and Amazon that suffered supply chain disruptions, product unavailability, delay in deliveries due to lack of delivery fleet and more. During this pandemic, grocery websites such as (Grofers, BigBasket, etc.) were flooded by many orders and it was calculated that they may rack up sales upto \$3 billion during this pandemic. e-retail has crossed the pre-Covid level to \$36.5 billion – around 20 per cent jump – in June itself. Due to overflow of customers many websites restricted orders from outsiders or non existing customers and some of the websites closed down deliveries for many areas which have lower rates of delivery, so that they can purely focus on areas with high amount of orders. Due to a 5 fold increase in demand during the initial phase of lockdown but it seems to fall down in the current scenario on 13th of August. E-Tailing penetration in India for all retails was around 1.5% in 2016 and it took 3 more years to double up the penetration rate which means at 2019 we have a penetration rate of 3.0% but during the lockdown period we have seen total E-Tailing penetration of 4.5% in just 6 months. E-tailing which was increasing 1.5% at a speed of 3 years just increased 1.5% in 6 months.

Beside this sector many other sectors have also seen growth for eg. Foodtech, EdTech, Lending, Insurance & Wealth Management were also been able to recover back around \$11 billion (22%) from \$23.3 Billion (31%)

India's online retail industry is going to grow by 6% which will be about \$35.5 billion this year.

## **2. HOW DIGITAL BANKING IS AFFECTED FROM SARS-CoV-2**

On studying the working of banks we will get to know that it is a simple business in which deposits are converted into further Investments & various types of loans. The main source of income of banks is the interest rate by which they tend to earn. Banks are also facing a surge in liquidity risks which happens due to increased usage of lines of credit, loan commitments, credit default swaps by the client. Due to these off-balance sheet figures which are jumping onto the banks balance sheet due to the pandemic as borrowers or clients can try to use these methods to increase their cash balances to marginalize the lost income and to maintain their liquidity. The time period given by RBI (Reserve Bank of India) for treating non performing loans as NPA is only 3 months, but now as money is not rotating various businesses are concerned about their loan liabilities, which is finally going to give a huge dent on all economic activities directly. Financial impacts will stem up through NPLs & Market Losses, which will lead to scrutiny by many regulatory committees which will ensure that

banks will implement their recovery plans to hold adequate liquidity & capital.

Now shifting our concentration from e-retailers to digital banking, as people are worrying in exchanging money from each other due to pandemic situations, so digital banking is also flourishing proportionally with e-retailers, with more than 30% increase in downloads of digital banking applications which terms that usage has increased substantially.

Digital channels are being advertised as having simple, customer-focused banking experiences by different financial institutions. As a precautionary measure for COVID-19 people are opting for digital banking which is helping them to accelerate digital banking services amongst the consumers and many of the users are feeling more confident in using this platform more than ever. As during lockdown banks were closed but now as the lockdown is lifting up, avoiding bank branches was a major reason why people opted for digital banking. COVID 19 can systematically revamp the whole digital section in banking so that they can produce a smooth experience for their valuable customers. As digital banking apps are trying their best to offer a streamlined & simplified UX/UI, which will ease up things for the user. As all banks are closed stock trading, investing and other stuff are just a click away from our mobile with easy to use experience.

As online retailers are forced for online transactions, many customers are forced to use digital banking channels for buying anything from online retailers. This is just one section of digital banking, meanwhile to cover up last losses incurred banks are now trying to sell their different services just by the click of the mobile to enable deeper customer engagement. This can increase sales which tend to be acquired from their physical branches. As more & more citizens pay in stores with contactless payments, the development of SARS-CoV-2 pandemic increases the amount of payments which are done through digital channels or electronically; these little transactions made in the national economy help and accelerate the development of digital banking.

But as many enterprises have limited their major investment projects and many are cutting off their costs due to which no one is ready to pick up business loans from the market, due to which demand of business loan is falling, which was used to be the main source of the income for banks and used to be their core business. In this situation of economic downturn and starting of a future economic crisis due to COVID-19. With decrease in credit purchases and increasing non performing loans

which further decreases the bank profits had an impact on both sides, bank as well as several businesses.

### **3. CONCLUSION**

As COVID-19 increased the internet penetration to poorer sections of the society, but it also comes with another problem which is financial downturn which has badly affected various banks due to increasing NPAs and low movement of money in the market.

### **REFERENCES**

- [1] D. Prokopowicz , unpublished
- [2] VirginMoneyUK, Statistics.
- [3] A.Guttman, Statistica.com