

Chapter 60

Impact of COVID–19 Lockdown on Digital Banking: E–Collaboration Between Banks and FinTech in the Indian Economy

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ABSTRACT

The COVID-19 outbreak has drastically changed the life of every person and has infected people in 185 countries. Since no vaccine has been developed for this disease so far, lockdown, work from home, and social distancing and only a few essential services were allowed to open. Lockdown and restricted movement of people was the only solution to control this crisis. These steps taken by all the countries have stopped all the commercial activities which left all businesses, banks, and financial institutions to count losses and cost. The big question which has emerged that whether e-collaboration between banks and technology continues to be the key to success for finding solutions to the problems in this new environment which COVID-19 has created. This chapter examines the way the digital banking collaboration between banks and Fintech can resolve the problems provided by the COVID-19 pandemic and control the impending economic fallout in India and across the world.

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INTRODUCTION

It's a time to forget the Fintech Definition that technology meets finance as the banks join their physical hands with virtual banking, virtual currencies, artificial intelligence, block chain, chat bots, big data and robotic process automation. The boundaries between the technology and finance is blurring across the globe resulting in E Collaboration, mergers and amalgamation between traditional banks and technology companies. Banking technology which started with computerization evolved to the revolution in E commerce, digital finance, Insuretech, wealth management as well as non-financial services becoming Fintech. The COVID 19 outbreak has drastically change the life of every person and has infected people in 185 countries. Since no vaccine has been developed for this disease so far, lockdown, work from home and social distancing and only few essential services were allowed to open. Lockdown and restricted movement of people was only solution to control this crisis. These steps taken by all the countries has stopped all the commercial activities which left all businesses, banks and financial institutions to count losses and cost.

The big question which has emerged that whether E Collaboration between banks and technology continues to be the key to success for finding solutions to the problems in this new environment which Covid 19 has created. As cases of the virus spread, the business effect might be equally as far-reaching, causing earnings warnings, shop closures as well as recognition defaults among businesses that depend heavily on China's great usage power. In order to control the ongoing spread Covid 19 pandemic many countries around the globe including India has taken steps like national lockdown, social distancing shutting down public transports, shutting manufacturing units, and restriction in movement. The movement of the people was restricted due to suspension of use of personal conveyance, trains, domestic and travel through airlines both on the domestic and international front. This pandemic has created severe impacts on the financial markets like bond, stock and commodity markets like gold and crude oil. Adverse economic impact was witnessed in the global financial markets like USA. U.K China as well as India.

The essential services which continue to remain open in India during four lockdowns and Unlock 1 were the hospitals, medical shops, diagnostic centres, local grocery / vegetable fruit shops, banks, post office etc. Digital Banking through Internet and mobile banking emerged as an important way of banking transactions as retail banks were working with partial staff strength. As per Indian Bank's Association's guidelines the important transactions like cash, clearing, Funds Transfer like RTGS, NEFT were allowed, in case of emergency. Work from home was advised from corporate, regional, circle offices and sales and relationship managers. This has adversely impacted digital banking in major sectors like aviation, manufacturing, retail and hospitality whereas few sectors reflect increase in digital banking like online grocery shopping, Internet and mobile banking and recharges etc. The World Retail Banking Report 2020 survey has revealed 57% of people are using internet and 47% mobile banking instead of visit to bank's branch.

This particular paper examines the way the digital banking collaboration between banks and Fintech can resolve the problems provided by the Covid 19 pandemic and control the impending economic fallout in India and across the world. The paper also focus on how Banks and Fintech will emerge as agent of change in the challenging times of post COVID 19 in the new normal innovations System.

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