

# Impact of Covid-19 on Using of Fintech in Bangladesh: Evidence from Urban Consumer

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**Abstract-** The article tries to understand the impact of Covid-19 on using of fintech in Bangladesh by studying the consumer behaviour of urban people. Generally, people are not enough habituated with fintech. But during the time of the covid-19 pandemic and lockdown, they were bound to use various services of fintech. That is why the main objective of this study is to identify and investigate whether covid-19 is a blessing or curse for using fintech, especially in the urban consumers of Bangladesh. The study obtained the opinions of 160 samples from the consumers who are currently using fintech and living in Dhaka city through a survey questionnaire. All data have been collected from primary and secondary sources. The study finds that consumers are using fintech during the time of pandemic more than past and it seems that the changes are a blessing for the use of fintech. Furthermore, Covid-19 helped fintech for its growth, that is why it is high time for the urban people to capitalize on all the benefits of fintech as much as possible to survive and succeed in the new normal life. However, the outcomes of this article are limited by the size of the sample and the robustness of the analysis.

**Keywords-** Pandemic, Fintech, Urban Consumer Behavior, Covid-19.

## I. INTRODUCTION

Financial technology commonly used as FinTech refers to the use of technology or technological innovation in financial sectors. It is a rapidly growing industry around the world. It makes many things easier such as online shopping, digital payment and also daily life transaction. New technology or technology-based application can disrupt the traditional financial market, which is developed by financial services and also it can be used for payment and other complex issues like AI and big data (Harahap et al., 2017). Fintech is a newly introduced platform, that imparts financial service through technologies to different types of users (Schueffel, 2016).

The area of fintech is very wide. According to Matthew Blake, Peter Vanham & Dustin Hughes, Fintech is a broad idea that can use technology to deliver financial services according to users' choice and convenience. Priya & Anusha, 2019 include mobile banking, online banking, transfer of money, one to one transactions, blockchain, wallets etc to fintech. Fintech is undertaking a wide range of work on the financial and banking landscape (Jagtiani & Lemieux 2017). Some scholars portray the area of fintech. They define e-payment, e-transfer, crowdfunding (Chisthi 2016; Jiang et al 2018; Hendriyani & Raharja, 2019) cryptocurrencies

(Goldstein et al., 2019) and crowdfsource (Kunz & Muralidhar, 2017; Camacho et al 2019; Sul, 2020) as part of fintech.

Fintech is defined as "The fusion of Information Technology and Finance for providing the financial services for an affordable cost with a seamless user-friendly experience" (Rabbani et al., 2020). Fintech makes each part of finance effective and efficient by using technology. Bofondi & Gobbi, 2017 says, fintech boosts the flexibility and efficiency of financial services, fintech saves time and cost by using digital technology. It gives flexibility to all users by allowing business transactions from anywhere at any time (Anshari, Almunawar, Masri & Hamdan, 2019). Giving greater flexibility to the user and adapting to the existing one is the nature of fintech. (Fuster et al. (2019). Fintech is an important determinant of the cyclical position of the economy, also an indicator of economic growth (Aditya et al. 2019, Baker 2018, Galbraith and Tkacz, 2007).

### *Covid 19 and Economy*

On the Last of December 2019, an unknown virus was detected in the city of China, Wuhan. Within a few months, it has spread around the globe. The government of many countries went for the lockdown to control the pandemic at a level. Though this pandemic mainly creates a health crisis, but it affects the economy too. With decreasing production, disruption in supply chains, loss of income, and disruption in the flow of credit; they have greatly impacted the whole economy (Fernandes, 2020). There are two causes; The escalation of the virus forces the governments around the world to go for lockdowns, social distancing, and quarantines. As a result, economic activities and financial markets have stepped down. And the other is the rate of growing virus generates fear and it encourages the market to opt for safety in consumption and investments (Ozili, 2020). Such situations directly and indirectly affected human behaviour and economic activity (Bartik et al., 2020; Nicola et al., 2020; Chetty et al., 2020). That forces many people to continue their life in segregation (Beaunoyer et al., 2020).

### *Covid 19 and Fintech*

Lockdown emphasized people adapt to fintech. Acceptance of fintech to consumers and banks increased for covid-19 (Tut, 2020). Using of digital financial service and eCommerce have grown abnormally, due to social distancing. (Beaunoyer et al., 2020). During the time of lockdown and after the lockdown

people are used to maintaining social distancing. And, Social distancing creates a new scope and chance for many fintech companies to grow. (Nader Alberl & Mohamed Dabour 2020). During the time of the pandemic, FinTech can energize government responses and enable secure ways for governments and providers to show up at frail masses quickly and gainfully, by reducing the dependence on actual cash related interchanges and the prerequisite for cash (Appaya et al., 2020).

II. METHODS

Objectives of the Study

The study aimed to see the effects of Covid-19 on Fintech by collecting and analyzing data from fintech users of the urban area during the pandemic. Specific objectives are-

- To study consumer behaviour as fintech during the pandemic.
- To find the user preference on fintech based on user experience.
- To explore the regularity of using fintech pre-pandemic and during the pandemic.

Participants

The participants of the survey were unpaid volunteers, who lives in the urban area of Bangladesh. The sample incorporates 180 Bangladeshi adults aged 18-35, with 114 males (65.6%) and 66 females (34.4%) with two age groups. 123 (68.4% of sample) participants from 18-25 (M=21.7; SD=2.44), 57 (31.6% of sample) participants from 26-35 (M=30.5; SD=3.02). Participants are from two backgrounds, 92 students (51.2%) and 88 job holders (48.8%). All participants stated themselves to be in good physical and mental health at the time of the survey.

Material

The test material consisted of four statements related to using of FinTech. Where participants give their opinion on FinTech using experience, future preference and behaviour by three options as agree, neutral, disagree. All information was collected by the primary data collection method. All data are collected from a primary and secondary source of data. Data are analyzed and tested by Statistical Package for the Social Sciences (SPSS).

Hypotheses

- H<sup>0</sup><sub>1</sub>: People used digital payment during the covid-19 pandemic less than in the past.
- H<sup>1</sup><sub>1</sub>: People used digital payment during the covid-19 pandemic more than in the past.
- H<sup>0</sup><sub>2</sub>: People are not habituated to it.
- H<sup>1</sup><sub>2</sub>: People are now habituated to it.
- H<sup>0</sup><sub>3</sub>: During the pandemic, people have not understood the advantage of FinTech using it.

H<sup>1</sup><sub>3</sub>: During the pandemic, people have understood the advantage of FinTech by using it.

H<sup>0</sup><sub>4</sub>: People will not prefer FinTech in post-pandemic

H<sup>1</sup><sub>4</sub>: People will prefer FinTech in post-pandemic

H<sup>0</sup><sub>5</sub>: There is no significant relationship between the impact of Covid-19 on using of FinTech with Gender

H<sup>1</sup><sub>5</sub>: There is a significant relationship between the impact of Covid-19 on using of FinTech with Gender

H<sup>0</sup><sub>6</sub>: There is no significant relationship between habituation FinTech with Gender

H<sup>1</sup><sub>6</sub>: There is a significant relationship between habituation FinTech with Gender

H<sup>0</sup><sub>7</sub>: There is no significant relationship between understanding the benefits of FinTech with Gender

H<sup>1</sup><sub>7</sub>: There is a significant relationship between understanding the benefits of FinTech with Gender

H<sup>0</sup><sub>8</sub>: There is no significant relationship between the preference of FinTech with Gender

H<sup>1</sup><sub>8</sub>: There is a significant relationship between the preference for FinTech with Gender

All hypotheses are tested with the One-Sample T-Test and Independent group T-Test. When Calculated Value is less than Critical Value then the null hypothesis is accepted, but when Calculated Value is greater than Critical Value then the null hypothesis is failed to accept.

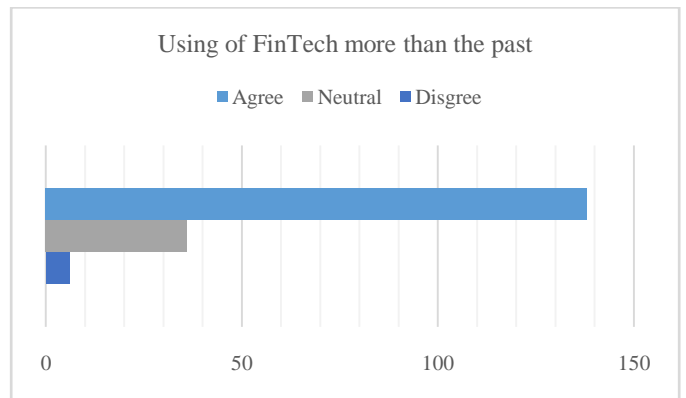
III. DATA ANALYSIS AND FINDINGS

Summary of Questionnaire Data

Attributes	Agree	Neutral	Disagree	Total	Mean
Using of FinTech on pandemic more than past	138	36	6	180	0.27

\*Primary Source

Table I: Using of FinTech



According to table I, 73.4 per cent of participants agreed with the statement they used FinTech more than in the past. A very small number of participants disagreed with this.

Attributes	Agree	Neutral	Disagree	Total	Mean
Habituated with FinTech	108	42	30	180	0.57

\*Primary Source

Table II: Habitation with FinTech

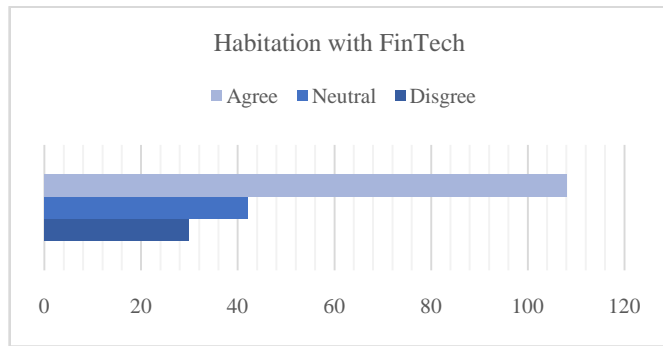
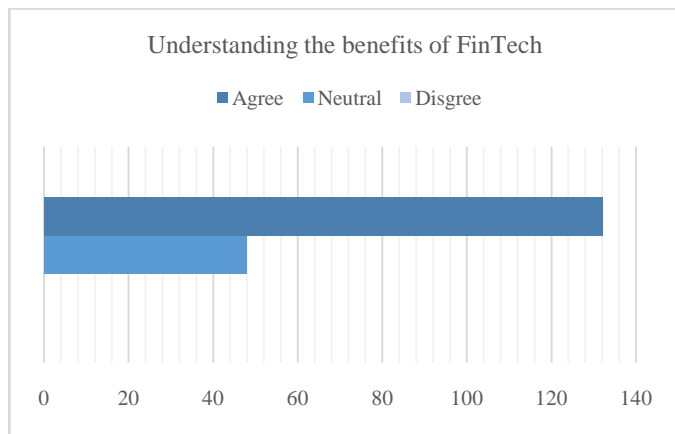


Table II shows that a major portion of the participants are habituated with FinTech and the second major portion is going to be habituated. But still, a small portion could not habituate with this.

Attributes	Agree	Neutral	Disagree	Total	Mean
Understood the advantage of FinTech by using it	132	48	0	180	0.20

\*Primary Source

Table II: Understanding benefits of FinTech

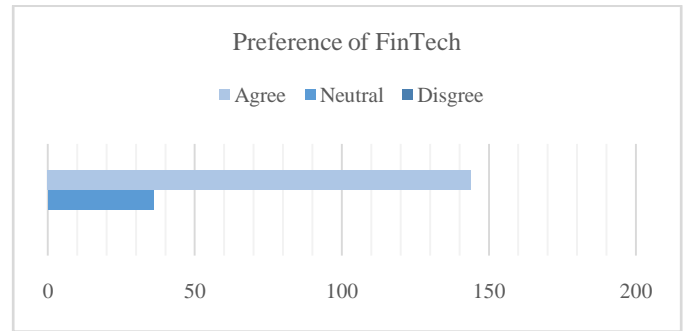


From table III, people understand better FinTech by using it. The big portion supports the statement. Another person is neutral about it.

Attributes	Agree	Neutral	Disagree	Total	Mean
Preference of FinTech on post pandemic	144	36	0	180	0.27

\*Primary Source

Table IV: Preference of FinTech



On this table, participants are preferring FinTech for post-pandemic. 76.7 Percent is positive with the preference, and 23.3 per cent are neutral about it.

*Hypotheses Testing*

Table V reveals that the calculated value of “t” is greater than the tabulated value for all the attributes. That means all the null hypotheses are rejected and all the alternative hypotheses are accepted. Therefore, the following statements are valid as all these statements are tested in the befitted way using SPSS version 17.0.

Table V: Hypotheses test and results of different attributes (H<sup>0</sup><sub>1</sub> to H<sup>0</sup><sub>4</sub>)

Attributes	Mean	Standard Deviation	T Value	P-Value	Critical value*	Result
H <sup>0</sup> <sub>1</sub> : People used digital payment during the covid-19 pandemic less than in the past.	0.27	0.514	19.160	0.0	1.973 3	Failed to Accept
H <sup>0</sup> <sub>2</sub> : People are not habituated to it.	0.57	0.763	7.620	0.0	1.973 3	Failed to Accept
H <sup>0</sup> <sub>3</sub> : During the pandemic, people have not understood the advantage of FinTech using it.	0.20	0.401	22.187	0.000	1.973 3	Failed to Accept
H <sup>0</sup> <sub>4</sub> : People will not prefer FinTech on post pandemic	0.27	0.443	26.758	0.000	1.973 3	Failed to Accept

\*Critical value @5% level of significance

This table (Table V) revealed that people used FinTech during the time of pandemic more than in the past, people are now habituated to it, they understood the benefits of FinTech by using it and they will prefer FinTech in the post-pandemic situation.

Table VI reveals that the calculated value of “t” is less than the tabulated value for the first three attributes. That means all

the three null hypotheses are accepted and all the last alternative hypotheses are accepted. Therefore, the following statements are valid as all these statements are tested in the befitted way using SPSS version 17.0.

Table VI: Hypotheses test and results of different attributes ( $H^0_5$  to  $H^0_8$ )

Attributes	T Value	Critical Value*	Result
$H^0_5$ : There is no significant relationship between the impact of Covid-19 on using of FinTech with Gender	0.13	1.645	Accepted
$H^0_6$ : There is no significant relationship between habituation FinTech with Gender	0.30	1.645	Accepted
$H^0_7$ : There is no significant relationship between understanding the benefits of FinTech with Gender	0.14	1.645	Accepted
$H^0_8$ : There is no significant relationship between the preference of FinTech with Gender	1.77	1.645	Failed to Accept

\*Critical value @5%level of significance

Summary of Table VI is, there is no significant relationship between the use of FinTech, habituation with FinTech, understanding of FinTech with gender but there is a significant relationship between the preference of FinTech with gender.

### III. FINDINGS

Though Covid-19 was a threat for many sectors. It has collapsed the economy, destroy the supply chain, the reason for the fall of production and disruption of Economy but it works as a blessing for FinTech. Specific findings of the study are:

- People used digital payment during the covid-19 pandemic more than in the past.
- People are now habituated to it.
- During the pandemic, people have understood the advantage of FinTech by using it.
- People will prefer FinTech in post-pandemic
- There is no significant relationship between the impact of Covid-19 on using of FinTech with Gender
- There is no significant relationship between habituation FinTech with Gender
- There is no significant relationship between understanding the benefits of FinTech with Gender
- There is a significant relationship between the preference of FinTech with Gender

### VI. RECOMMENDATIONS

Throughout the whole study, findings are supporting that the impact of Covid-19 is positive to FinTech. It works as blessings. Due to lockdown and social distancing people use digital payment, money transfer through Mobile Banking and other applications of FinTech instead of cash transactions. But still, there are many points to improve. Such as:

1. A big portion of participants support that they used FinTech more than the past during the time of the pandemic, but still another significant portion didn't support the statement. So, FinTech companies should reach them and make them understood.
2. A major part of our participants already habituated with FinTech and they will prefer it in future, but another part is not. So, companies should work to make people habituated and break the inertia of consumers towards FinTech.
3. The role of FinTech in the economy is better for economic growth. So, there is a big scope to create social awareness for using FinTech.

### VII. SCOPE FOR FUTURE STUDY

Data are collected from a small number of participants. If it can collect from a big group of participants result will be more accurate. Also, there are many scopes to discover consumer behaviour towards FinTech from this study. Such as:

1. Why people are not using fintech on the pandemic.
2. What factors work as a barrier to using FinTech.
3. What factors make them unfamiliar with FinTech.
4. What kind of development of FinTech will make people habituated and familiar.

### VIII. CONCLUSION

The main aim of the paper is to understand the impact of Covid-19 on the FinTech Industry of Bangladesh by studying urban consumer behaviour. Based on the results of the analysis it can be concluded that people used digital payment during the covid-19 pandemic more than in the past. People are now habituated to it and during the pandemic, people have understood the advantage of fintech by using it and they will prefer FinTech on future. This paper discovered that, when many sectors were badly impacted by the Covid-19 pandemic situation, FinTech has grown up highly in this gap. Overall, the pandemic works positively for FinTech. The findings of the paper will help FinTech companies to make their service better and more interesting. Also, it creates some scope for further research on what will help FinTech for its growth.

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