

Impact of Demonetization on Digital Marketing

Vishal Wadajkar¹, Sheetal M. Darekar², Apoorv Soni²

¹Deputy Director - Academics, ²Assistant Professor, ³Student,
^{1,2,3}Dr. D. Y. Patil B-School, Pune, Maharashtra, India.

Abstract

Objectives: This is a study to assess the impact of demonetization on digital banking and subsequently digital marketing. It aims at finding out the cascading effect of demonetization.

Materials and Methods: Descriptive hypotheses were set and studied based on primary data collected as a survey questionnaire. It was administered to 100 consumers from different Malls from Pune. The survey questionnaire was divided into two parts: (a) Impact of demonetization on digital banking and (b). Impact of digital banking on digital marketing: The knowledge was measured on a 5-point Likert scale for responses to 10 items under each of the variables. Sample means were compared against the hypothesized population means of the scale mid-points of 2 and were tested for statistical significance at 95% confidence level.

Results: The results show a strong agreement for the positive impact of demonetization on digital banking (84%). It also shows strong agreement for a positive impact of digital banking on digital marketing (89%).

Conclusion: Demonetization has acted as a game-changer for digital banking which in turn has proved to be a catalyst for digital marketing.

Keywords: Demonetization, Digital Banking, Digital Marketing.

Introduction

Demonetization is stripping a currency of its grade as an authorized tender and withdrawing it from circulation. This can be explained from the example from India when the Prime Minister in a televised address in 2016 made 500 and 1000 rupee denomination notes worthless to combat the ills of black money circulation in the country. This move had lots of people rushing to the bank to convert their demonetized notes and it also affected the e-commerce giants like Amazon, Flipkart, etc. as most people use cash on delivery pays for these services (Bannerjee and Sayyed, 2017) and the question that arises is that was the move of demonetization worth it in terms of digital banking and digital marketing?

Soni and Karande (2017) have listed the pros of demonetization in 2016 as follows: to dissuade black money circulation in the country; to put an end to fake currency; huge donations; terrorist funding and increase transparency. The cons are listed as creating chaos for banks; common man- daily wagers, poor people; housewives who kept money at home for a rainy day; increased prices of vegetables and fruits; increase in gold prices affecting people socially especially during the wedding season, etc.

Digital Marketing is an all-encompassing term for internet, web, online, or e-marketing along with the use of e-mail marketing and e-CRM for sales and advertising over the internet. Akhter(2015) has found that internet usage comfort and being technology savvy positively affects both online shopping and online banking.

As digital banking is closely linked to online shopping, this study wanted to delve into the impact of demonetization on digital banking and subsequently digital marketing.

Literature Review

This move affected the growth momentum being one of the largest growing economies and set it back by 4-6 months. The response of the participants of this study (Soni and Karande, 2017) showed that more than eight percent supported

the move by the government in 2016 on demonetization; seventy-two percent agreed that the move will reduce the black money menace; more than 60 percent thought it would reduce corruption.

In the case of digital banking cashless transactions via ATMs and wallets like PayTM help to curb black money (Rani, G., 2016; Soni and Karande, 2017) and in turn also boost online shopping ((Bannerjee and Sayed, 2017).

Cashless transactions save costs on time, paper, and costs per transaction in general (Manpreet Kaur 2017). Another study by Singhal (2017) concluded that the urban male as compared to the rural had higher awareness and usage of e-banking and that demonetization alone cannot bring about a persistent shift in digital transactions it needs, continuous education on technological awareness and innovation.

Limited studies on the cascading effect of demonetization on second-tier factors like digital marketing are seen. Most of them deal with the direct impact of demonetization on digital banking. But how this impact gets carried forward has not been studied much.

Methodology

A survey questionnaire was administered to 100 consumers from different Malls in Pune. The selection of the 100 consumers was based on the judgment of the writer of getting an adequate response in a reasonable time. Judgmental sampling was used.

The survey questionnaire was divided over two parts:

a. Impact of demonetization on digital banking: Increase in knowledge on browsing the internet for specific issues on e-banking; Increase in visit bank website for banking products; Increased knowledge on using online net banking; More awareness of how to changing the login password and transaction password; Increased information on SMS alert facility; Surge in viewing account statement online; Increase in the transfer of funds online; Increased creation of online RD/FD; Increased payment of utility bills online; More online payment of credit card bills; Increased awareness of e-wallet/ card facility. (Singhal, 2017)

b. Impact of digital banking on digital marketing: Sharp increase in online shopping; Rise in use of internet advertising; Increased convenience in making payments; Increased convenience in shopping; Increase in spend due to availability of online credit; Positive effect of not requiring to use hard cash; Cash backs have been a great attraction; Promotion on digital media has a strong impact; Facilities like cancellation and refunds have played an impact. 10 statements each, as stated above, for the two sections were framed and responses were sought on Likert-scales.

Responses for both the sections were obtained on a scale of 0-4: 0-can't say, 1-Somewhat agree, 2-Strongly agree, 3-Somewhat disagree, 4-Strongly disagree

To distinguish the somewhat responses from the strong responses, a weight of 2 was assigned to each of the strong responses while doing the analysis.

T-test was used at 95% confidence level and the sample mean (higher of agreement or disagreement) was tested for statistical significance by comparing it with a hypothesized population mean taken at 50% agreement or disagreement connoting an event by chance

Statement of Hypotheses:

Ho1: Demonetization has not positively impacted digital banking

Ha1: Demonetization has positively impacted digital banking

Ho2: Digital banking has not positively impacted digital marketing

Ha2: Digital banking has positively impacted digital marketing

The survey instrument returned a Cronbach's alpha of 0.824 that is better than 0.70 (the standard) and hence was considered as reliable

Results:

Descriptive statistics are given in Table 1.

Table 1: Description of the Respondents

Gender		No of Respondents(N=100)
1	Male	48
2	Female	52
Age Groups		
Group 1	< 40years	51
Group 2	40-50years	38
Group 3	>50 years	11
Experience of digital banking		
Group 1	< 5 years	75
Group 2	5-10 years	15
Group 3	>10 years	10

Inferential analysis:

The null hypotheses were set as the sample mean (\bar{x}) equals the hypothesized population mean (μ). Summary of the ratings for the agreement levels are given in Table 2 and Table 3 below:

Table 2: Agreement for positive impact of demonetization on digital banking

Factors	1	2	3	4	5	6	7	8	9	10	Total
Average agreement %	90%	92%	92%	76%	78%	77%	98%	77%	73%	88%	84%

Table 3: Agreement for positive impact of digital banking on digital marketing

Factor	1	2	3	4	5	6	7	8	9	10	Total
Average agreement %	94%	90%	88%	88%	92%	89%	86%	90%	91%	85%	89%

Table 4 shows the testing of the two hypotheses at 95% confidence level.

Table 4: Testing of the hypotheses

Parameter	H1 value	H2 value
Sample Mean (\bar{x})	84%	89%
Hypothesized population mean (μ)	50%	50%
SD of sample	0.9536	0.8891
N	100	100
t-value	3.583	4.418
p-value	0.00026	0.00001
Decision	Reject Null	Reject Null

Both the null hypotheses were rejected in favour of the alternate that the sample means are significantly different from the hypothesized population means.

Discussion of results:

All the ten factors indicating a positive impact of demonetization on digital banking such as Increase in knowledge on browsing the internet for specific issues on e-banking; Increase in visit bank website for banking products; Increased

knowledge on using online net banking; More awareness of how to changing the login password and transaction password; Increased information on SMS alert facility; Surge in viewing account statement online; Increase in the transfer of funds online; Increased creation of online RD/FD; Increased payment of utility bills online; More online payment of credit card bills; Increased awareness of e-wallet/ card facility fetched wide agreement from the respondents. Simultaneously respondents vouched strongly for a positive impact of digital banking on digital marketing by widely agreeing to factors like Sharp increase in online shopping; Rise in use of internet advertising; Increased convenience in making payments; Increased convenience in shopping; Increase in spend due to availability of online credit; Positive effect of not requiring to use hard cash; Cash backs have been a great attraction; Promotion on digital media has a strong impact; Facilities like cancellation and refunds have played an impact.

Conclusion:

Demonetization has acted as a game-changer for digital banking which in turn has proved to be a catalyst for digital marketing. It is some kind of cascading effect of demonetization that has impacted areas like digital marketing. One can conclude that demonetization was in fact e-monetization that has paved the way for digital marketing. Digital marketing has several advantages over conventional marketing and it is expected that in the years to come, it will expand rapidly.

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