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The Financial Inclusion Question in Zimbabwe's Post-COVID -19, New Normal: Implications for Adoption of Financial Technology (FinTech) on Service Providers

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Abstract

Financial inclusion will be accelerated by the technological opportunities for online financial transactions brought forth by the COVID-19 outbreak. As a result, because there were fewer digital financial transactions, the threats to COVID-19 that were present previously are now more substantial. The aim of this article is to assess the dangers, challenges, and opportunities for financial inclusion brought forth by the use of technology by COVID-19. According to the article, the inherent characteristics of financial technology (FinTech) in connection to financial inclusion allow it to reduce the negative economic and social effects of the ongoing COVID-19 situation. Under COVID-19, the introduction of digital financial transactions has sped up corporate operations and cut expense on doing business. As a result, women now have greater access to transactions involving financial technology (FinTech). The growth of digital financial transactions has made contactless and cashless purchases possible throughout the COVID-19 crisis. The expansion of digital financial inclusion makes it easier to swiftly and effectively implement public assistance programs, such as those for epidemic-affected women. Financial inclusion is being boosted by digital finance, which may eventually replace or improve traditional banking institutions. Working from home has undergone a "revolution" in a number of industries during COVID-19, including banking. Businesses should identify the optimal operating model mix for the future and make sure they have the infrastructure to support widespread, mass flexible working. This calls for reevaluating the function and application of corporate real estate. Since the labor force is likely to become more automated at the same time, resilience is essential. Conceptual Framework of this study is based on the financial inclusion and FinTech concepts which are the main variables guiding the study and it is underpinned by the theories of diffusion of innovation and the Financial Intermediation.

Keywords: financial inclusion, new normal, FinTech, Post COVID -19, financial service providers

1. Introduction

The COVID-19 pandemic's impact on technology has greatly increased the financial services available to economically underprivileged segments of Zimbabwean society. The COVID-19 pandemic and related containment measures would cause Sub-Saharan Africa (SSA) to endure an economic decline of 2.8 percent in 2020, according to the Global Economic Prospects (2022). The problem has many detrimental effects on the global economy and seriously jeopardizes national efforts to increase financial inclusion. Lockdowns and curfews were put in place to stop the virus from spreading, causing bank branches to close and mobile money agents to stop operating lawfully. Additionally, government representatives and health specialists promoted the use of cashless and contactless means of payment to lower the danger of viruses being spread through the handling of cash, creating new opportunities for the adoption of digital financial services (DFS).Digital solutions like internet banking, mobile money services, and other advancements in financial technology can directly help small businesses and low-income households. Recent research suggests that, with the right regulatory environment, digital financial inclusion might significantly boost economic growth, decrease poverty, and narrow income inequality without necessarily having a negative impact on financial stability.

The Institute of Bankers of Zimbabwe (IOBZ) claims that financial service providers are already assisting in reducing the economic effects of COVID-19 by making it possible for targeted fiscal measures to be implemented for their intended beneficiaries—including the unbanked—quickly and successfully. By lowering or eliminating the need for face-to-face meetings and cash, according to Teresa (2020), financial service providers assist governments in promptly and securely providing women with various forms of income and liquidity support. Zimbabwe, a country with little access to the global financial networks, has seen the development of mobile money networks, Manjang (2021). Due to information obtained using mobile payments, the Government of Zimbabwe (GOZ) is able to communicate with unauthorized workers who are not qualified for official benefit programs. For instance, a new program that targets informal laborers with mobile money transfers and a top-up for female beneficiaries have just been introduced, (IMF 2021).

The Zimbabwe Revenue Authority (ZIMRA) encourages the submission of tax returns electronically. AXIS Solution, a provider of software development, information storage, and backup services for the information, communication, and technology industries, is also quick to respond to the liquidity needs of Small and Medium-Sized Businesses (SMEs) affected by the pandemic by utilizing real-time data and online procedures, which have replaced traditional payment methods in the wake of the implementation of COVID-19. A vast number of financial service providers in Zimbabwe, both big and small, are using technology to give borrowers who are affected by loans flexibility in how they repay their loans. One such platform is the Kashagi Eco Cash platform, (RBZ 2021).

According to recent empirical data and a macroeconomic viewpoint, digital financial

inclusion has huge potential to increase economic development, close income gaps, and eradicate poverty. Larger sectors of the population now have the opportunity to participate in formal economic activity because of FinTech services, which has made it simpler for low-income women to access accounts, transactions, and credit. Promising innovations in the areas of insurance, international money transfers and digital savings are also available. Along with increasing individual opportunities, more financial access has favorable macroeconomic effects: According to IMF research, financial inclusion does not endanger financial stability and fosters growth while lowering inequality and providing a well-regulated financial sector (Martin and Ratina 2020).Furthermore, it improves the effectiveness of macroeconomic policy, further promoting the stability and prosperity, (Elena and Yongzhen 2018). In view of the substantial COVID-19 shock, these findings are essential for creating income and employment as well as eliminating gaps in financial access.

The COVID-19 conundrum has also brought to light dangers that were beginning to emerge before the outbreak. Financial operations may move from a heavily regulated industry to one that is less regulated or weakly regulated as a result of stability risks such regulatory arbitrage, for example, (RBZ 2021). The potential disruption of the FSP business models and the ties between FSPs and weakly regulated accountants pose similar concerns. Risks associated with technology affect FSPs. For instance, hacks may cause sensitive information to become public. Money laundering and terrorism financing (ML/TF) are additional issues that financial service providers may face. According to a warning from Zimbabwe's National Association of Cooperative Savings and Credit Unions, unregulated FSPs' unethical lending practices or cyber security worries may lead to a loss of trust (NASCUZ 2022). Potential modifications to the laws and the rules that apply to financial service providers both during and after COVID-19 may also have an effect on the risk-to-reward ratio, (Ratina et al. 2022).

Financial inclusion may be in danger as the volume of digital transactions rises in the post-COVID 19 era due to unequal access to digital infrastructure and potential biases reinforced by new data sources and data analytics. Lack of access to mobile devices, computers, or the internet might lead to new types of exclusion, and these exclusions could get worse as the transition to digital financial transactions accelerates during and after COVID-19. For providing comprehensive policy support to women quickly and without contact during the COVID-19 crisis, easy access to government electronic systems that are well integrated with digital financial transaction platforms like accountants and FSPs (mobile money companies, and digital banking) are proving to be crucial, (RBZ 2021). Financial support announcements won't reach women if they are unclear or poorly integrated. Other significant issues mentioned by accountants included an antiquated digital infrastructure and a shortage of qualified staff. Data biases or inaccurate, insufficient information may exacerbate the financial marginalization of women and foster their skepticism of new technology.

The potential failure of FSP, whose operations and women may be more affected by the economic fallout and who may be having difficulties functioning digitally during the COVID-19 crisis, might jeopardize financial inclusion, (Mandra 2021). Problems with finances and digital literacy could make these dangers worse. The FinTech market will

eventually become so consolidated that smaller financial service providers will either be acquired by larger firms or cease to exist entirely as a result of the funding issue. Revenues for the financial providers' payment organizations have declined as a result of the economic crisis, particularly the decline in spending. Third, lenders have given priority to small borrowers since they tend to be disproportionately affected by the on-going crisis. As a result, their credit quality may significantly decline. The gains made in digital financial inclusivity and innovation could be undone by significant interruptions to transactions provided by the accountants, as well as potential financial and macroeconomic spill overs, (ILO 2020).

The COVID-19 crisis is regarded as the first significant test of the sector's crisis preparedness for financial service providers. First, preliminary data shows that lenders' liquidity reserves have decreased as a result of tighter funding circumstances. Financial service providers experienced their worst first quarter of funding since 2017, as noted by Ratina et al. (2022), since investors cut their investments in the first quarter of 2020. Financial institutions offer a huge potential to increase financial inclusion, but it can be challenging to weigh the advantages and risks. If policymakers are unable to appropriately evaluate the advantages and risks of the COVID-19 period, financial inclusion, a crucial element of Zimbabwe's Sustainable Development Goal (SDG), may remain elusive. Consequently, improving data collection requires a concerted effort. This would be a vital initial step in the COVID-19 economic recovery phase once the urgent health concern has passed, (World Bank 2021).

2. Background of the Study.

The countermeasures put in place during the COVID-19 pandemic have limited people's ability to move freely, work, engage in leisure activities, and buy and sell goods and services. The slow and uneven growth of the global economy will eventually be the result of such efforts and limitations. The majority of the poor growth of the global economy has been caused by trade restrictions and other impediments. Numerous services, including those involved in education, tourism, travel, entertainment, hospitality, eating in public areas, and transportation, have been badly damaged by the COVID-19 outbreak. This indicates how the restrictions and safeguards put in place to halt the epidemic had a detrimental effect on the trade in services. The fact that the global GDP's proportion of trade in services fell from 13.6 percent in 2019 to 10.8 percent in 2020 is noteworthy, (World Bank, 2021). This serves as an example of how the pandemic has affected the world service sector.

To ensure the success of their commercial activities, organizations and corporations in industrialized nations like Britain and growing nations like China and South Africa have invested in digital transformation. Enterprises that have made significant investments in digital transformation include educational institutions, banks and financial service providers, and companies that deliver food, clothing, medications, and other commodities to customers' homes, (AFTECH 2022). They have trained all of their staff members, customers, and clients on how to use collaborative software and participate in virtual meetings. It is obvious that the information technology (IT) industry and related businesses have benefited from the crisis. According to the World Economic Forum (2021), a sizable section of the worldwide population may experience severe worries and missed opportunities as a result of the

epidemic. These problems include strained relationships with others, job losses, a rising digital gap, and sudden changes in the market .Risk issues for the global economy include climate change, infectious diseases, WMDs, debt crises, and the potential for information technology (IT) infrastructure collapse. In the post-COVID-19 era, risks could include things like the consolidation of digital power, digital inequality, and cyber security failure.

Indicators of the diminishing or cessation of checks and balances and transparency, high debt levels in some economies, rising inequality, weakened tax bases, and unequal access to information and communication technology were among the issues that had been recognized prior to COVID-19. Additionally, a historically accommodating monetary policy has concealed the deteriorating trends in the primary productivity indicators, which continue to be barriers to further economic growth, (World Economic Forum 2021). The Fourth Industrial Revolution, which has seen a dramatic rise in e-commerce, online learning, digital health, and remote labor, has now been broadened and accelerated by COVID-19, (Nickson, 2015).

3. Conceptual Framework.

Sitwala (2014) stated that a conceptual framework is defined as the result of bringing together many related theoretical concepts to try and explain the research. Conceptual Framework of this study is based on the financial inclusion and FinTech concepts which are the main variables guiding the study.

Financial inclusion and financial development (financial depth and liquidity) are the two main categories under which the financial sector can be separated, this is according to Sanjaya (2021). Financial development is the application of financial innovation and institutional improvements to enhance market inclusion, foster competition, and reduce transaction costs in a financial system (Adam et al., 2015). It talks about the expansion of financial institutions, markets, and foreign capital inflows as a way to lower the costs of information, transactions, and enforcement. Giving underbanked and unbanked people access to dependable, cheap, and transparent financial services that have considerable economic benefits is the primary objective of financial inclusion, (Mandra &Sanjaya 2017).The ideas of financial development and inclusion are frequently mutually exclusive because financial inclusion is an essential element of financial progress. However, it's critical to realize that a nation can experience economic growth even while a sizable portion of its populace does not utilize the formal banking system, (Mandra &Sanjaya 2017). Both promote economic expansion, but to different degrees, (Nickson 2015).

Financial inclusion was defined differently in different parts of the literature, (Asli et al., 2017). However, the impoverished, underserved, and small enterprises, as well as the accessibility, availability, and affordability of financial services for all economic actors, are the main goals of financial inclusion, (Mandra 2021). Financial inclusion asks for the provision of official financial services to the underprivileged group in society that is adequate, timely, affordable, and sustainable, (Mandra 2008). According to studies that were done by Jason and Fransesco in 2010, noted that financial inclusion frequently cite credit, savings, payments, and insurance, but in a broader sense, it also relates to service quality, access to

facilities, and digital technologies, (Peterson 2018).

Financial exclusion, which refers to problems with accessibility for various forms of financial services, including banking, credit, saving, and insurance, is the reverse of financial inclusion, (Sinclair 2001). Illiteracy, lack of understanding, poor demographic and geographic conditions, self-exclusion, income per capita, internet access, inflation, and bank concentration are a few factors that affect someone's ability to receive financial services, (Shanika et al., 2021). Additionally, the primary causes of financial isolation are poverty and social marginalization as noted by Mandra (2021). Because they lack access to social services and education, vulnerable and poor populations are particularly impacted by the issue of financial access, (Adam et al., 2015). For many countries, financial inclusion is crucial in determining economic success. It has so gained prominence in development funding and captured the attention of researchers and decision-makers worldwide.

Fintech is described by Teresa et al. (2020) as technology advancement in financial services that has the potential to lead to new business models, applications, procedures, or products that significantly affect the delivery of financial services. The use of technology in the financial industry to create novel products, services, technologies, and/or business models is referred to as "FinTech" by Bank Indonesia. The efficiency, fluidity, security, and dependability of payment systems, as well as the stability of the financial system as a whole, could all be impacted by this practice, (AFTECH 2022). Teresa et al. (2020) define FinTech as a technological innovation in financial services that has the potential to result in new business models, applications, processes, or products that have a major impact on how financial services are delivered. According to Bank Indonesia, "FinTech" refers to the use of technology in the financial sector to develop new goods, services, technologies, and/or business models. This practice may have an impact on the stability of the financial system as a whole, as well as the effectiveness, fluidity, security, and dependability of payment systems, (AFTECH 2022).

Financial technology is transforming how low-income families and small enterprises can access financial services. With the development of digital financial instruments that can be accessed from computers or mobile devices, the growth of FinTech is changing this environment by eliminating the need for in-person interactions. Mobility constraints implemented to fight the on-going COVID-19 outbreak have increased the benefits of expanding digital banking services. The development of digital platforms, which can offer a variety of financial products and act as aggregators for current financial products or FinTech companies' own products, helps to maximize value for the customers by allowing customers to compare the price and suitability of goods and services offered by various businesses, (Teresa 2020).

4. Theoretical Framework

A theoretical framework is the broad application of a set of concepts taken from one or more theories in order to offer an explanation or an answer of an event or explain a phenomenon or research problem certain, (Sitwala, 2014). Theoretical Framework of this study is a framework based on existing theory in a field that is related to the financial technology,

(Adom et al., 2018).This study shall be informed by the theories of diffusion of innovation and the Financial Intermediation.

Diffusion of innovation Theory.

Everett M. Rogers' 1962 thesis, "Companies Collaborate on Innovations to Gain a Competitive Edge, Reduce Costs, and Protect Their Strategic Positions," supports this idea. The Rogers' notion explains how a novelty disappears from consumers' perceptions after a certain amount of time. The notion also aids in comprehending how users interact with and use inventions, (Jason & Fransesco 2010). Based on their level of innovation, customers that adopt new technology tend to fall into one of five parts of a bell-shaped scatter curve, according to the supporting data (Liu & Li, 2019). Pacesetters, early adopters, primary majority, late majority, and dawdlers were the four categories that Rogers used to categorize his clients, (Xiaoyue & Changuyu 2021).

This idea states that companies employ innovations to acquire a competitive edge, cut expenses, and successfully defend their positions, (Bert and Dick 2020). A well-known and reputable hypothesis that explains how customers gradually absorb innovation over time is the innovation diffusion theory, (*Everett* 2003). Through the acceptance or rejection of such a concept by the consumer, it also facilitates understanding of the buyer's personality, (Jason & Fransesco 2010). Theoretically, a bell-shaped distribution curve divides those who embrace innovations into five groups based on how innovative they are, (Xiaoyue & Changuyu 2021). Rogers categorized users as innovators, early adopters, early majority, late majority, and laggards.

This idea is relevant to the current research because it makes use of theories, models, and structures to connect the acceptance of cutting-edge financial innovations brought on by the COVID-19 epidemic with the adoption of outmoded technology. In an effort to divert attention from the typical modernization of technology in literature, the study attempts to change the topic of discussion. This hypothesis is used to explore how the development of banking technology during COVID-19 has affected financial inclusion in Zimbabwe commercial banks. Mobile banking, agency banking, electronic banking outlets, online banking, and even mobile phone services are all COVID-19-enabled technologies used in the banking sector.

Theory of Financial Intermediation.

Financial Intermediation as one of the theoretical framework that informs the study, through a process known as financial intermediation, financial institutions accept deposits from parties with extra funds and lend those monies to parties with less money. According to Hayne & David (1977), financial middlemen can be identified in four different ways. One, the performance of a range of investments is unaffected by the amount that their primary categories of obligations or deposits are credited toward. Second, compared to their assets, deposits frequently have a much shorter lifetime. Thirdly, a sizable amount of their liabilities are quite liquid and are readily transferable. Fourth, they often cannot transfer their assets or liabilities to other parties. The most notable result of financial middlemen is a consistent

transfer of funds from economies that are in surplus to those that are in deficit.

Financial intermediaries' primary duty, according to Bert and Dick (2020), is to create original financial products. This condition is satisfied once a middleman learns they may trade financial commodities at prices that are anticipated to include all direct and indirect costs related to making the commodity. Market imperfections necessitate the use of money intermediaries. This suggests that financial intermediaries would not be necessary in a "perfect" market with no transaction costs or information expenses. Buyers and sellers have access to numerous types of information in various markets. Information asymmetry is particularly obvious in financial markets. Debtors are inherently more confident, truthful, and morally honest than lenders. However, entrepreneurs have access to private data about the personal initiatives they are trying to raise money for, (Swamy 2012). Information exchange between market competitors is hindered by ethical issues yet is necessary for supporting enterprises with unique value.

This theory is pertinent to the article's topic since it explains how financial intermediation leads to financial inclusion. This theory's underlying assumptions can be utilized to more clearly explain the link between financial intermediation and financial inclusion as well as the effects of financial innovations implemented in commercial banks during the COVID-19 period on such inclusion. The reason provided by financial intermediation, which is primarily in control, explains why financial services are included in the banking sector. The premises of this theory can be used to better understand the relationship between technological advances and financial inclusion in financial institutions during this COVID-19 and how such developments in the select commercial banks have affected financial inclusion.

5. Case Studies

According to Arnold (2021), a case study is a comprehensive study of a specific subject matter, such as a people, group, event, company, or phenomenon. A case study research design in this study involved qualitative methods. Case studies are good for making descriptions, comparison, evaluating and understanding different aspects of a research problems in the financial technological environment .With the continued success of FinTech, (financial technology) businesses around the world, there is need to understand and interrogate experiences on its success through making comparisons on its impact in different locations. The study shall look at case studies on the impact of financial technology (FinTech) on countries such as Zimbabwe, impact of FinTech on front line workers in Sierra Leone and COVID-19 pandemic and its effects on markets in Indonesia.

Experiences in the use of FinTech in Zimbabwe.

There have been three major changes that have influenced the development of FinTech: the massive creation of data, advancements in computer algorithms, and increases in processing power. High-speed broadband internet, cloud computing, and artificial intelligence have all contributed to the development of big data analytics, block chain technology, and biometric identification, (Teresa2020).

According to the RBZ (2021), financial technology (FinTech) is revolutionizing how women

in Zimbabwe are given access to financial transactions. FSPs often provide financial services based on cash, with little to no competition (for example, relying on family members, micro lending clubs, or money lenders). FSPs were mostly founded on in-person consumer interactions and cash transactions. These interactions, which serve as the foundation for determining creditworthiness, frequently have the effect of financially excluding women. With the emergence of digital financial instruments accessible from computers or mobile devices, COVID-19 is altering this environment. Limits on travel imposed to combat the COVID-19 epidemic have strengthened the advantages of growing digital financial transactions. By enabling comparisons of the costs and suitability of the goods and transactions provided by various businesses, the development of digital platforms that may offer a variety of financial products currently serves as a tool for financial inclusion, helping to optimize value for women, (RBZ 2021).

National decision-makers were intrigued by the potential of financial institutions to increase financial inclusion before the COVID-19 crisis. The Reserve Bank of Zimbabwe (RBZ), a nationwide network of policymakers, created a new work stream named FSPs for Financial Inclusion with a focus on the Zimbabwe National Financial Inclusion Journey 2012-2020. The Financial Inclusion Action Plan (FIAP), which was approved by the group, was acknowledged by the RBZ as having technology as a crucial component. The COVID-19 outbreak has shown both how the crisis may be utilized to speed the adoption of digital financial services and how it can be used to slow it down, (NASCUZ 2022).

The national emphasis on the issue has motivated cross-country data gathering and analysis on financial inclusion. Early studies heavily relied on surveys conducted in Zimbabwe or specific metrics of financial inclusion, like the proportion of people with access to FSPs and FSP accounts (Ceyla, et al., 2020).With the publication of the Fin Scope Survey databases, it is now able to create and use more comprehensive, composite indicators of financial inclusion that take a wide range of female access and usage into account, (United Nations 2020). Thus, it became possible to examine the macroeconomic consequences and factors that affect financial inclusion, (Arnold 2021).

The empirical literature on Zimbabwe's post-COVID-19 financial inclusion through digital channels is promising. It involves creating mobile money and examining geographical differences in how FSPs function, (Ratina et al., 2020).Variations in the use of mobile money in Zimbabwe are frequently explained by changes in the GDP, levels of per capita income, the regulatory environment, and the tenacity of the rule of law (Martinez and Celine 2020). Studies have looked at how mobile money and the internet affect people and the reasons that make people utilize them, (World Economic Forum 2020). FSPs now contribute more to financial inclusion as a result of RBZ. The necessity of mobile and other person-to-person payment methods, as well as the development of new tactics for upholding women’s due diligence, is stressed by KPMG International Cooperative (2020). Nickson (2015), emphasizes the importance of platform-based transactions, microcredit, and mobile money in a similar way.

Research on FinTech is still in its early stages, as are investigations into potential stability and

assessments of the hazards associated with financial service providers. Discussions on privacy concerns, ML/TF hazards, and potential macroeconomic effects of digital currencies are becoming more and more prevalent as Big Tech's invasion of the financial sector continues to cause upheavals, (Arnold 2021). The RBZ is also taking into account the potential impacts of increasing digital credit origination or enhanced communication between FSPs on the stability of the financial system. Adding to the list, little progress has been made in raising public awareness of the prospect that FSPs can lead to financial exclusion because of a lack of access to digital infrastructure, differences in financial and digital illiteracy, or potential biases in algorithms. The unexpected shift toward digital financial activities during the COVID-19 crisis, such as making government-to-person (G2P) payments, could raise these risks, (NASCUZ 2022).

Case study on FinTech in Mobile Cash Transfers to Sierra Leone's Frontline Workers.

One of the nations that were most negatively impacted by the 2014 Ebola outbreak was Sierra Leone. More than 60,000 first responders participated in the fight against the outbreak. Cash payments to these personnel were a serious issue even though missed, decreased, or delayed payments to them frequently led to strikes. Frontline responders were paid by Sierra Leone and the donor community using mobile wallets in December 2014. A key element in guaranteeing the success of the mobile cash transfer plan in Sierra Leone was its relatively high connectivity level. With a national network of more than 5,000 mobile payment agents that could convert mobile payments to cash, Sierra Leone had a mobile phone penetration rate of 95 percent when it entered the crisis. Additionally, the Bank of Sierra Leone published mobile money regulations during the Ebola epidemic.

Even though almost all emergency personnel had cellphones, just 15 percent of them had signed up for mobile money when the mobile cash transfer program first started. According to Bert and Dick (2020), the minimum know-your-customer (KYC) standards were raised by the authorities to allow response personnel to register and start collecting digital payments as quickly as feasible. The lack of identifying documentation posed particular difficulties in this regard. Only 15percent of the population in Sierra Leone is covered by the country's national identity system. Because there is a 70 percent chance that Ebola may spread through physical contact, facial recognition software has shown to be a more trustworthy biometric identification method than fingerprint scanning. High levels of satisfaction with the mobile transfers were reported by the recipients. In 98 percent of cases, payments to the program's response personnel were made in whole and on time. The illegal management deductions from workers' hazard payments which might have reached 50 percent when payments were paid in cash were also effectively removed by mobile transfers, (Dolok 2019). Therefore, strikes decreased according to World Bank (2020). Since ten frequent surnames are shared by payees, Soledad & Celine (2020) calculates that mobile transfers saved the government, relief organizations, and first responders a total US$10.7 million.

Case study on COVID-19 Pandemic and its effects on the FinTech Markets in Indonesia.

Indonesia is a big prospective market for the financial technology (FinTech) industry because of its sizable population, growing middle class, high rates of internet and mobile phone penetration, and massive population. In 2020, there will be 270 million people living in Indonesia, predicts Statistics Indonesia (BPS 2020a). According to the World Bank, 52 million Indonesians are middle class (World Bank 2020). The BPS (2020b) estimates that in 2019, 65.5percent of Indonesian households utilized or owned cellular (mobile) phones. According to Hootsuite's estimation of Indonesia's internet user population, the country had a 73.7 percent internet penetration rate as of January 2021, (Shanika 2021). In Indonesia, studies on FinTech are carried out more frequently. In order to examine the behavior of 2,800 Indonesian FinTech users, PwC Indonesia conducted a survey in 2019. Financial institutions in Indonesia have generally accepted FinTech, and financial customers are becoming more familiar with FinTech solutions, according to a poll carried by Dolok in 2019. According to Stijn et al., (2018), households in metropolitan areas make up the bulk of fintech users, although adoption rates are still low in rural areas and among micro, small, and medium-sized businesses. Due in part to regulatory tightening in the PRC and the regulatory gap in Indonesia's P2P FinTech lending environment, Peterson (2018), discovered that the People's Republic of China (PRC) invests the most in Indonesia's P2P FinTech lending.

The COVID-19 outbreak has had a negative impact on the Indonesian economy, (World Bank 2021).At the outset of the outbreak, the FinTech businesses in Indonesia were concerned about the pandemic's repercussions on the industry. The FinTech industry in Indonesia appears to have escaped the calamity, though. Actually, compared to 2019, sales of a number of FinTech product categories increased in 2020. The overall value of FinTech payment transactions increased from Rp27,380 trillion in 2019 to Rp27,547 trillion in 2020, (ILO 2020). By the end of 2020, there was Rp15.3 trillion in outstanding P2P loans, up from Rp13.2 trillion at the end of 2019. Some experts assert that Indonesia's FinTech marketplaces have grown more quickly as a result of the COVID-19 outbreak and the PSBB to contain it. The argument is that because of the pandemic and the PSBB, some households have decided to use online banking services rather than more conventional ones that involve in-person interactions, (World Bank 2021).

6. Reseach Methodology

The exercise also involved identifying stakeholders for consultation and creating study tools. Interviews with the RBZ, Ministry of Finance, PVOs staff, the private sector, development partners, the United Nations (UN), MWGCD, and implementing partners who work in the area of gender and development were conducted as part of the exercise. Up order to fill in the knowledge gaps that the literature review left, stakeholder interviews were necessary.

The methodology involved gathering both secondary and primary data.

Secondary data: On a desk, relevant literature from the CPFs, nation reports, strategic frameworks, laws, policies, scholarly works, statistical data, UN documents, CEDAW reports, and other relevant organizations and government documents were gathered and reviewed.

Primary data: This involved conducting interviews with national stakeholders, the Ministry

of Finance, SACCOS technical staff, RBZ staff, PVOs, and representatives of the private sector to gather data to supplement the desk review.

7. Research Objectives

The current study seeks to investigate whether COVID 19 Pandemic has brought a positive impact in the adoption of financial technology by most economies of the world. The study also seeks to analyse whether financial technology (FinTech) has helped to increase financial inclusion for marginalized groups through enhancing digital financial literacy and encouraging adoption of digital financial services and mobile services. The study shall also assess the risks connected with the growth of digital financial services experienced during the COVID-19 crisis and measures that are taken to reduce such impact.

8. Problem Statement

During the COVID-19 era, most businesses shunned face-to-face networking events which resulted in financial exclusion for majority of the population due to limited online financial transactions available. COVID-19 made it more difficult, and in many cases, to conduct face to face business .Social distancing and safety regulations prevented the traditional close proximity in doing business for people to ensure their safety from the pandemic. As a result, because there was less digital financial transactions during the pre-COVID- 19 era and the threat to COVID-19 became more substantial. COVID-19 sped up costs on corporate operations and increased expenses on doing business.

9. Results and Discussion

COVID-19 has shown the vulnerability of life, but the same meaning has yet to be applied when addressing the international challenges. Additionally, technology continues to be perceived as independent variable from natural, social, and economic systems and as something that can be implemented in order to solve exact challenges related to the problems without bearing larger societal results, (Ulrike et al. 2020). The inclination is to make use of FINTECH tools and digitalized sources in order to avoid person-to-person contact and comply with the forced self-isolating measures, thus limiting virus contamination risks.

The impact of pandemic COVID-19 problems has been reflected in the international economy and has generated considerable risks. The “new normal” has influenced, to a larger extent, customer behaviour worldwide, and their confidence is changing on a daily basis. Resultantly, the main differences can be seen in income disposal, social circles, and the utilization of internet and digital tools as discussed below.

Payments and transfers by governments.

During the COVID-19 outbreak, Zimbabwe previously carried out digital payments and transfers to homes and companies. Occasionally referred to as transfers or "G2P," government payments to households include tax refunds, social programs, subsidies, salaries, stipends, pensions, scholarships, and emergency aid. Nearly 16 percent of respondents to the Global Findex Survey reported receiving government transfers or payments digitally in 2017. Examples of digitalized G2P payments made prior to COVID-19 include Brazil's Bolsa

Familia Program, which distributes monthly transfers to low-income families via electronic benefit cards issued by a state-owned financial institution, Mexico's direct electronic payments to bank accounts of federal government contractors as well as payroll payments to the accounts of the majority of federal employees. Even in poor countries, government-to-business (G2B) payments are increasingly made using digital payment channels. Checks made up 41 percent and electronic transfers made up 59 percent of subnational government G2B procurement payments in Peru prior to COVID-19.

Digital payments can supplement social segregation regulations that have been implemented in some nations and aid in halting the COVID-19 virus's spread. When alternative methods of help distribution become challenging due to health rules, digital payments allow for the continuing of payment transactions and the delivery of aid to individuals in need. Public salaries and other transfers can now be made digitally (both G2P and G2B), which is also more cost-effective. Targeting financial assistance to households has never been easier thanks to digital payment technologies, particularly for the unbanked, women, and the informal sector. Additionally, these technologies can speed up transfers, which is helpful in the COVID-19 problem given the sizeable informal sectors in many developing nations that urgently need assistance. A few examples of countries that have adopted nation-specific systems include China (consumption coupons delivered via Alipay and WeChat pay), India (transfers via Aadhaar-linked accounts), Colombia, Morocco, and Peru. Many nations have improved or used current digital payment systems, especially in the unorganized sector. Kenya, Tanzania, and Uganda are among the nations that use M-Pesa for transfers. Medical emergency have previously used digital payments with success. Examples of digital G2B transactions include loans to firms, grants to pay employee wages, and subsidies to help small businesses retain personnel during tough times.

FinTech developments may improve governments' ability to monitor real-time consumer spending trends. This may occur if Central Banks adopt digital currencies (CBDC), whose transactions they could observe, or if businesses that provide digital services consent to or are required to grant the government access to their consumer data. If so, analyzing payment transaction records to determine which industries are seeing the biggest drops in consumption can help determine where government assistance for firms should be concentrated. By employing fine-grained payments data to examine not just transaction values but also a breakdown of transaction volumes and prices in various industries, a government may immediately identify production bottlenecks (for example, from the observation of high inflation in specific product categories).However, such data gathering and sharing would be subject to the country's information and privacy rules. The concept of electronic money is not new, according to Manjang (2021), while technology can enhance how a corporation is run; it has no significant impact on the core nature of the business. He contends that central banks can issue digital currencies without worry if they have fully resolved all fundamental issues with the distribution of money and financial services. According to Asli et al., (2017), more FinTech start-ups may appear as the economy matures and venture funding becomes more widely available. According to Stijn et al., (2018), FinTech finance offers consumers and businesses a different funding source and may increase loan availability for underserved areas.

This might make financial intermediation more effective.

Payments by Businesses.

Since digital payments are more efficient, safe, and maintain social distance, Zimbabwe uses them for tax and labor payments. To the degree that they are physically given over and cashed, digital payments of wages, taxes, and transfers to employees, the government, and other businesses are preferred to cash and checks because they better preserve the social distance between payers and payees. The digitisation of B2G (and P2G) payments has benefitted many nations, including Tanzania, Bangladesh and the Philippines.

Distributed computing has the potential to revolutionize payments, securities settlement, and back-office operations by reducing costs and enabling direct business-to-business (B2B) transactions that cut out middlemen. In cases when intermediaries are impacted by the COVID-19 issue, avoiding them might be helpful. For instance, banks may process payments more slowly due to staff shortages brought on by quarantines or illness. A network of middlemen, including correspondent banks, who may be vulnerable to changes in the global economy, may also be involved when it comes to various payment types, notably cross-border transactions. For instance, the correspondent banking ties with smaller developing countries were strained following the global financial crisis.

Household transfers and payments.

P2P transfers and in-store contactless digital payments could be utilized to preserve social distance and stop the spread of COVID-19. Existing digital payment solutions are being used by households all over the world more and more. Some of them are bank prepaid cards, debit/credit cards, online banking, mobile wallets, mobile payment applications, the Unified Payments Interface service, and unstructured supplemental service data. For instance, a recent survey of Indian families revealed that an increasing number of transactions were being made using digital payments amid the COVID-19 crisis.

Financial service providers are presently advising customers in Zimbabwe to use e-wallets or mobile money to pay for products and services during COVID-19. For instance, whereas Egypt, Liberia, and Myanmar increased the transaction size restrictions, Uganda decreased the cost of mobile money transfers. Both sets of actions have been applied by authorities in Bangladesh, Cameroon, Ghana, Kenya, Mozambique, Pakistan, Rwanda, Senegal, and Zambia in response to the pandemic (decreasing mobile transfer costs and increasing transaction size thresholds). As the reliance on online provision of goods and services develops, there will be a greater need for digital payment methods that are compatible with internet use throughout the country.

When circumstances are tough, Zimbabwe may find it simpler to process remittances if there are digital payment options like mobile money and virtual currencies. This is crucial if you need to physically queue up to employ standard remittance methods. For instance, the United Nations Capital Development Fund is working with Pacific mobile network carriers to temporarily eliminate fees for mobile remittances in order to ensure the continuance of remittances, which are a significant source of income for many Pacific Island economies. In

addition to its benefits for lessening social isolation, the digitization of P2G payments offers the potential to increase tax receipts. The ability to track digital tax payments may make it easier to combat tax fraud and corruption. For instance, digitalization programs for mobile municipal tax payment increased tax receipts in Senegal by a factor of seven in just three months. Given the significant financial demands most countries would encounter during the present pandemic, increased tax collections may be especially crucial.

Credit to businesses.

Technology-based lending to firms in Zimbabwe can be advantageous, particularly during difficult times. For instance, machine learning algorithms can assist nonbank lending platforms and digital banks that lend to Small and Medium Enterprises (SMEs) by enabling them to swiftly and remotely assess the creditworthiness of companies. This is done by automating the due diligence process. Automating credit approval, regulatory compliance, and fraud detection procedures may be achieved with the help of big data analytics. FinTech businesses that offer credit along with other services like payments or social media have access to data sources that traditional lenders do not due to data and privacy rules as well as competition legislation. This type of loan arrangement can be extremely beneficial for the informal economy, SMEs, and small business owners about whom relatively little public information is available and who may struggle to obtain credit through traditional bank channels. This element is essential because knowledge asymmetries might lead to tighter credit rationing in dire circumstances. In the case of China, both before and after the current pandemic, it has been demonstrated that the availability of FinTech-based financing increases SMEs' shock resistance. Digital, contactless credit provision to businesses can also assist in the implementation of social exclusion during the COVID-19 crisis by eliminating the requirement that business owners physically visit the bank in order to speak with or show documentation to loan officials. Finally, if bank balance sheets are damaged and their lending is restricted during a crisis, new non-bank lending platforms may become more significant.

Credit to households.

Platforms for Peer-to-Peer lending (P2P) provide benefits, and those benefits could even get stronger in the midst of Zimbabwe's current economic crisis. P2P lending platforms work more efficiently and charge less than conventional financial institutions for their services. The majority of the lenders on these platforms are small- to medium-sized businesses. As lenders attempt to reach out to new areas and demographics, lending software companies develop solutions to handle loans more swiftly. Examples of countries that allowed P2P lending before the current financial crisis include Brazil, where the central bank authorized it universally, Malaysia, where authorities started a P2P program for first-time home buyers, and the United States, where P2P lending is recognized and regulated by the Securities and Exchange Commission as other financial instruments. Due to recent advancements in lending technology and fully automated loan processes, new P2P lenders frequently offer better service than traditional financial institutions. P2P lending platforms and the rising number of payment to companies (P2B) crowd-funding websites are only two examples of how P2P financing platforms may make it easier for people to obtain credit. Due to their tiny size and

likely lack of paperwork during times of crisis, these platforms may provide an alternate source of funding for some people and enterprises that would otherwise face credit restrictions. By removing the need for families to physically visit the bank in order to speak with or submit papers to loan officers, digital, contactless credit supplying to houses can also aid in the establishment of social segregation during the COVID-19 crisis.

10. The Risks Connected With the Growth of Digital Financial Services During the Covid-19 Crisis

The current epidemic may have accelerated the adoption of digital financial services (DFS), which could initially widen the difference between young and old, rural and urban areas, and income and gender inequity. Women are 23 percent less likely than males to use their mobile phones to access the internet in less developed countries. The greatest gender and rural-urban disparities can be found in South Asia and sub-Saharan Africa, where rural residents are 40% less likely to utilize mobile internet than urban residents. Accessible digital technology exists in certain It may be necessary to introduce mitigating measures due to the potential for problems with short-term adjustment brought on by the rapid development in the usage of digital financial services, such to those experienced during the COVID-19 crisis.

Cyber-attacks, online fraud, and attacks on digital financial services might all rise. This could be the case, particularly if efforts to swiftly scale up digital payments in reaction to the COVID-19 tragedy are not matched by swift improvements in cyber security. Even when a digital payment infrastructure is already in place, rapid service expansion may result in operational problems, such as system capacity concerns and the absence of key personnel, especially when the crew is impacted by quarantines or illness. Social media-based digital financial services can be more prone to panic, especially during pandemic product runs. This may be caused by social media communications, especially bogus news.

Rapidly increasing the number of mobile payment options is in contradiction with maintaining proper know-your-customer (KYC) standards and Anti-Money laundering (AML) compliance, as several nations have done in response to the COVID-19 issue. Depending on how the access improvement is implemented, these conflicts may or may not be important. For instance, Ghana has chosen to temporarily accept identity checks conducted by cell operators as part of its cash transfer plan. Senegal and Egypt both lowered their KYC requirements. As was already mentioned, numerous nations have decided to concentrate their efforts on lowering mobile transfer rates in an effort to make mobile payments more appealing amid the COVID-19 issue. Such an approach prevents immediate compliance issues, with the exception of situations where the current KYC process is significantly strained by the rising demand for new accounts. High mobile transfer costs may reduce the frequency of use for current users and make it more challenging to open accounts and decide to join the payment network. The crisis has shown that many countries must change their regulatory and policy frameworks regarding the provision of financial services and payments by nonbanks. This is especially true in regards to KYC and Anti-Money laundering (AML) /Counter Financing Terrorism (CFT) issues, concerns about taxation or data privacy, and requirements for interoperability in the area of digital financial services. Authorities and

regulators must have a thorough grasp of the DFS' functioning and risks in order to conduct cost-benefit evaluations of their DFS-related laws and regulations.

If there is a significant transition to digital financial services, there may be worries about the development of a "surveillance state." For instance, this might occur if the government has access to payment information. Data monopolies and privacy concerns may develop if a corporation has exclusive access to certain types of data. There is a chance that during times of crisis, the checks and balances provided by either democratic scrutiny or commercial regulation could be undermined, even if worries about how the government or private firms use payment data are always pertinent.

11. Conclusion.

Business owners may easily and affordably communicate with banks, staff, suppliers, and new markets by using digital financial services. They might make peer-to-peer trade easier (including remittances). They may also make it simpler for governments to communicate with individuals and corporations. During the COVID-19 crisis response, all of these become even more critical as governments search for practical solutions to help individuals in need and a large number of people and businesses want to swiftly access online payments and financing. Social segregation is also made possible by digital banking services, which is helpful in a pandemic. In poor or rural areas lacking true financial institutions, digital financial services may often improve financial inclusion.

However, trying to quickly scale up digital financial services is not only difficult but also potentially dangerous given the short amount of time available for the development of a crisis response. The dangers to stability and integrity including operational constraints, cyber-attacks, fraud, money laundering, data and privacy concerns could worsen if the usage of digital financial services is expanded during times of crisis. Scaling up DFS during a crisis carries a higher risk if the appropriate controls and laws are not in place. When there are existing sizable gender disparities, gaps between rural and urban areas, or differences between young and senior consumers, the expansion of digital financial services increases the danger of these imbalances getting worse. The same is true if it is impossible to guarantee access to a sizable informal sector or if there is a significant obstacle to financial knowledge.

It might be difficult to facilitate bank loans throughout the crisis' recovery stage in the future. Many governments have used incentives to persuade banks to make loans, such as guarantee schemes or regulatory changes. There may still be opportunities for digital nonbank financial services to fill the void left by banks and other traditional financial intermediaries failing to meet the expectations of consumers and businesses, even though the crisis may potentially have an influence on nonbank lending. Digital advancements in payment systems and other financial services have the potential to add value for all users both during and after crises if risks are appropriately managed.

12. Recommendations.

COVID-19 will undoubtedly have a big impact on the financial sector. Several banks were already moving toward becoming more digital by default and accelerating their digitization

push in order to cut costs and enhance the customer experience. This resulted from the growth of mobile money in Zimbabwe and the increase in the use of electronic money due to issues with physical cash. However, COVID-19 has significantly hastened the transition to this new operating paradigm; in a real sense, we have seen three years' worth of digital advancement in only a few short weeks.

The banks in Zimbabwe have been compelled to alter the way they conduct business, encouraging automation and paperless procedures while also improving digital capabilities for both client-facing and back-office functions. Some bank employees in Zimbabwe are predicted to work from home indefinitely while the outcomes of immunization efforts have not yet been known. As one of the greatest users of commercial real estate, banks will also reassess how their offices are set up and where they are located. Furthermore, banks will need to develop brand-new distribution strategies that take advantage of the surge in online client contacts.

COVID-19 has also called attention to the requirement for a reform of the "risk playbook" for the banking sector. In the future, banks in Zimbabwe and other countries will need to establish new protocols for tracking and reporting liquidity measurements, as well as new techniques for valuing assets and keeping track of debtors, to mention a few.

New distribution channels reconfiguring the landscape.

Banks will need to assess their branch networks and consider the primary objectives of their physical outlets as society moves toward a cashless future and digitalization picks up speed. Do they serve as locations for sales or services? Do they serve the brand's needs or appeal? To enable higher degrees of self-service, better product functionality, and better delivery, products and services might need to be re framed in a much more digital paradigm. To draw customers, a fresh strategy for marketing and selling may also be needed.

Harnessing the shift to a digital economy.

Banks must function flawlessly in both the virtual and physical worlds as we fast transition to a globally integrated digital economy. As the use of cash rapidly shrinks, they will need to make the most of contactless payments, upcoming electronic payment options, and digital currencies. As a result of a new generation of technology-based service providers entering the market, such as mobile network operators, banks may need to implement methods to avoid becoming disinter mediated. They must create fresh use cases for payment income prospects in order to stay relevant to their clients.

Cost priorities reimagined, and new operating models emerging.

Operating expenses will probably become more and more important in a situation where interest rates are below inflation and real interest rates are negative. Banks will have to figure out how to "smartly" cut costs while also improving their capacity for long-term growth. There will be an increase in the use of automation and artificial intelligence to accomplish both of these goals (AI). Banks can simultaneously scrutinize their operations more aggressively by using managed services, outsourcing, and shared service utilities that are owned by

consortiums or other third parties. As banks explore towards the next operating model, anything might be proposed.

Writing a whole new risk management playbook.

We've learned that practically anything is feasible as a result of COVID-19. Banks will need to fundamentally review their level of resilience across the full spectrum of risk, including operational, liquidity, capital, market, and credit risk, to get ready for the next unanticipated disaster. As we enter a period of likely recession, regulations could become more onerous. What additional capital, beyond the bare minimum required by law, should banks hold? Do the customer portfolios have a wide enough variety? Are banks cyber secure when they use AI and digital technology more frequently? It is necessary to create new risk models, strategies, and the related protocols and rules.

New ways of working becoming the norm.

Working from home has undergone a "revolution" in a number of industries in COVID-19, including banking. Banks should identify the optimal operating model mix for the future and make sure they have the infrastructure to support widespread, mass flexible working. This calls for reevaluating the function and application of corporate real estate. Since the labor force is likely to become more automated at the same time, resilience is essential. Corporate culture, leadership, onboarding, training, up skilling, employing new people, as well as the tax ramifications brought on by a decrease in global mobility and an increase in remote work, are just a few of the complex variables that must be taken into account.

Values and purpose, front and center.

Environmental, social, and governance (ESG) factors are at the top of the list as governments, businesses, and individuals begin to prepare for the new realities of life after COVID-19. The time when financial institutions were primarily assessed based on their potential for growth, profitability, and success in the future is coming to an end. Nowadays, in addition to a company's financial health, stakeholders, consumers, and investors are interested in learning more about the company's culture, values, and purpose. Priority should be given to social responsibility, morality, and support for progressive environmental products and services. Prior to COVID-19, there had already been a lot of progress done; going forward, banks must keep up and increase this pace. As the world transitions to a cashless culture and banks become more digital, it may be necessary for banks to ensure that no one is left behind.

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