



Cashless Economy and Street Vendors: A Study on Awareness, Usage and Challenges in Pollachi Taluk

Indira Priyadharshini

Nallamuthu Gounder Mahalingam College

Corresponding Author: Indira Priyadharshini kdharshana13@gmail.com

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ABSTRACT

Technological advancements have significantly transformed financial transactions, making cashless payments an integral part of commerce. From traditional cash-based transactions in the early 1900s to the emergence of digital payment systems in the 1990s, the transition to a cashless economy has been rapid. Today, electronic payments facilitate seamless business transactions, allowing consumers to pay instantly with a single swipe or tap. This study aims to assess the level of awareness and challenges faced by street vendors in Pollachi Taluk regarding cashless transactions. An empirical research design has been adopted, with primary data collected from 30 street vendors using the convenience sampling method. Data collection was conducted through interviews and structured questionnaires and the findings were analyzed using simple percentage analysis and weighted average ranking method. This study aims to identify the level of awareness on cashless transactions among street vendors in Pollachi Taluk. The research design adopted in this study is empirical. Primary data has been collected from 30 street vendors using convenience sampling method

INTRODUCTION

Street vending is an essential component of the urban economy, providing affordable goods and services to middle- and lower-income consumers. Street vendors, often migrants from rural areas, engage in informal trade as a means of livelihood. Traditionally, their transactions were conducted primarily in cash. However, with digital financial inclusion gaining momentum, cashless transactions have become increasingly relevant.

A cashless transaction refers to the exchange of goods and services without physical money, utilizing digital payment methods such as mobile wallets, UPI payments, debit/credit cards, and net banking. The shift to cashless transactions is driven by convenience, enhanced security, speed, and lower transaction costs. The Government of India's initiatives, such as demonetization and Digital India, have accelerated the adoption of digital payments, even among small-scale vendors.

Payment apps help on keep tracking of payments of incoming or outgoing funds. The government providing various cashless transactions utilized for service tax payments, purchase of fuel, etc. After demonetizations, most of the people in India started electronic payments for their transactions. Everyone from the small merchant to neighboring vegetable vendor is embracing digital payment solutions.

LITERATURE REVIEW

Mburu & Muturi (2022) highlighted how mobile money services like M-Pesa have transformed street vending businesses in Kenya by providing a safer and more convenient transaction method. However, it also points out that digital fraud and transaction costs continue to hinder full adoption.

Gupta & Arora (2022) highlighted the slow adoption of digital payments among street vendors due to a lack of digital literacy, transaction costs, and unstable internet connectivity. It found that while many vendors are aware of digital payment modes, actual usage remains low due to security concerns and lack of trust in online transactions.

Singh & Kumar (2021) explored how street vendors and daily wage earners perceive digital transactions, emphasizing the role of government policies in encouraging digital financial inclusion. It identifies mobile payment applications such as Google Pay and PhonePe as the most preferred modes but notes transaction failures as a recurring issue.

Sarma, B. & Das, P. (2020) found that while smart phone penetration is high among small vendors, digital financial literacy remains a key barrier. It also highlights that daily fluctuations in earnings make street vendors hesitant to adopt cashless transactions due to concerns over transaction fees and delays in settlement.

Chowdhury & Hossain (2020) discussed how digital payment systems have been integrated into informal economies, citing factors such as affordability, ease of access, and consumer demand as key drivers. The research also highlights that many vendors fear government tracking of their income as a reason for avoiding cashless transactions.

Nariyanuri (2020) reported that mobile payments in India grew by 163% in 2019, surpassing card-based transactions, with digital payments becoming the preferred mode of financial transactions.

Dhanalakshmi et al. (2019) analyzed salaried employees' adoption of cashless transactions in Chennai and found that individuals below 40 years were more likely to use digital payment methods.

Objectives of the Study

- To assess the level of awareness of cashless transactions among street vendors.
- To identify the challenges faced by street vendors in adopting digital payment methods.

METHODOLOGY

This study employs both primary and secondary data:

- **Primary Data:** Collected through structured questionnaires and direct interviews with 30 street vendors.
- **Secondary Data:** Sourced from research papers, journal articles, books, websites, and government reports.
- **Sampling Technique:** Convenience Sampling Method was used.
- **Sample Size:** 30 street vendors from Pollachi Taluk.

Data Analysis

- **Simple Percentage Analysis:** Used to interpret socio-economic factors and awareness levels.
- **Weighted Average Ranking Method:** Used to rank challenges faced by vendors in cashless transactions.

RESULT AND DISCUSSION

Socio-Economic Profile of Respondents

Understanding the socio-economic profile of street vendors is crucial for analyzing their financial behavior, awareness, and challenges in adopting cashless transactions. This section provides a detailed overview of the demographic characteristics, income levels, education, and other key aspects of the respondents in Pollachi Taluk.

The study includes 30 street vendors, categorized based on their age, gender, education, income, marital status, family size, type of products sold, and access to banking services. The analysis helps in identifying the factors influencing their acceptance of digital payments and the barriers they face in transitioning towards a cashless economy.

Table 1. Socio-Economic Profile of Street Vendors

Category	Variables	No. of Respondents	Percentage
Age Group	20-30 years	05	17%
	31-40 years	09	30%
	41-50 years	10	33%
	Above 51 years	06	20%
Gender	Male	14	47%
	Female	16	53%
Education	Illiterate	4	13%
	Can Sign Only	10	33%
	SSLC	12	40%
	HSC	3	10%
	PG	1	4%
	Monthly Income	Below ₹10,000	08
	₹10,001 - ₹20,000	10	30%
	₹20,001 - ₹30,000	09	33%
	Above ₹30,000	03	10%
Marital Status	Married	13	43%
	Unmarried	06	20%
	Widow	11	37%
Street Vendors - Monthly Income	Below Rs.10,000	08	27
	Rs.10,001- Rs.20,000	10	33
	Rs.20,001- Rs.30,000	09	30
	Above Rs.30,001	03	10
No.of. Members in Family	Below 3	19	64
	4 To 5	07	23
	Above 5	04	13

Types of Products Sold by Vendors	Vegetables & Fruits	09	30
	Flower	10	34
	Garments	06	20
	Cooked Food	04	03
	Leather Items	01	13
If You have Bank Account	Yes	21	70
	No	09	30

The socio-economic profile of street vendors in Pollachi Taluk reveals a diverse group primarily composed of middle-aged individuals, with 33% aged 41-50 years and 53% being female, indicating a significant presence of women in the informal sector. Education levels are low, with 46% having minimal literacy, which may hinder digital payment adoption. Income distribution shows that 33% earn ₹20,001-₹30,000, while 27% earn below ₹10,000, highlighting financial instability. The most common trades include flower selling (34%) and vegetable and fruit vending (30%), sectors that heavily rely on cash transactions. Despite 70% of vendors having a bank account, a notable 30% remain unbanked, limiting their access to formal financial services. Family size analysis indicates that 64% have small families (below 3 members), potentially reducing financial burdens. The findings suggest that while vendors are financially active, low literacy, income uncertainty, and business nature pose significant barriers to transitioning toward a cashless economy, emphasizing the need for digital literacy initiatives and tailored financial solutions.

Awareness and Usage of Cashless Transactions

The adoption of digital payments among street vendors in Pollachi Taluk reflects the ongoing transition toward a cashless economy. This table provides insights into the preferred digital payment applications, sources of awareness, customer payment preferences in embracing cashless transactions.

Table 2. Awareness and Usage of Cashless Transactions

Variables	No.of Respondents	Percentage
Application Used		
GPay	10	34
Phone pay	07	23
Paytm	05	17
Debit card	01	03
Credit Card	00	00

Net banking	07	23
Total	30	100
Source of Awareness		
Friends	15	50
Relatives	03	10
Neighbours	05	17
Customers	05	16
Social media	02	7
Total	30	100
Customers preference		
Cash	10	34
Cashless	20	66
Total	30	100
Online payments are useful		
Yes	24	80
No	06	20
Total	30	100

The study reveals that among street vendors in Pollachi Taluk, GPay (34%) is the most widely used digital payment application, followed by PhonePe (23%) and Paytm (17%), while debit card usage is minimal (3%) and credit cards are not used at all. Net banking is used by 23%, indicating limited preference for traditional banking transactions. Awareness about cashless payments primarily comes from friends (50%), followed by relatives (10%), neighbors (17%), and customers (16%), whereas social media plays a minor role (7%). Interestingly, 66% of customers prefer cashless payments, showing a shift towards digital transactions, and 80% of vendors find online payments useful despite existing challenges. The key barriers include language issues (33%), lack of awareness (26%), transaction charges (17%), technical difficulties (17%), and illiteracy (7%), highlighting the need for targeted digital literacy programs and support systems to enhance adoption and ease of use among street vendors.

Challenges Faced by Street Vendors in Cashless Transactions

The table outlines the key challenges faced by street vendors in adopting cashless transactions in Pollachi Taluk, offering insight into the obstacles that hinder digital payment adoption.

Table 3. Challenges Faced by Street Vendors in Cashless Transactions

Challenges	Respondents	Percentage
Illiteracy	02	07%
High Transaction Charges	05	17%
Lack of Awareness	08	26%
Language Barriers	10	33%
Technical Barriers	05	07%

The most significant barrier to adopting cashless transactions is language barriers (33%), indicating that many vendors struggle with understanding digital payment interfaces, which are often available only in English or other dominant languages. Lack of awareness (26%) is another major challenge, suggesting the need for targeted financial literacy programs. High transaction charges (17%) discourage vendors from using digital payments due to concerns over additional costs. Technical barriers (17%), such as poor internet connectivity or difficulty in troubleshooting payment failures, further complicate adoption. Lastly, illiteracy (7%) poses a challenge, particularly for vendors who are unable to read or operate digital payment applications independently. Addressing these challenges through user-friendly digital solutions, multilingual interfaces, and financial literacy campaigns can significantly enhance the adoption of cashless transactions among street vendors.

CONCLUSIONS AND RECOMMENDATIONS

Suggestions

1. Conduct awareness programs and hands-on training sessions to educate street vendors about digital payment systems, transaction security, and troubleshooting common issues.
2. Digital payment apps should offer interfaces in regional languages to overcome language barriers and facilitate better adoption.
3. Financial institutions and payment service providers should introduce low-cost or zero-fee transaction options for small-scale vendors to encourage digital transactions.
4. Providing easy-to-use digital payment solutions, such as voice-assisted transactions and QR code-based payments, can help illiterate vendors navigate cashless systems.
5. Establishing dedicated helplines or local digital banking facilitators can assist street vendors in resolving technical issues and ensuring smooth transaction processes.
6. Government and private sector collaborations should promote tailored financial inclusion schemes to integrate street vendors into the formal economy through digital banking.

The study highlights that while cashless transactions are gaining traction among street vendors in Pollachi Taluk, several challenges such as language barriers, lack of awareness, high transaction charges, and technical difficulties hinder their full adoption. Despite 80% of vendors acknowledging the usefulness of online payments, factors like limited digital literacy and financial constraints pose significant barriers. To bridge this gap, a multi-stakeholder approach involving government agencies, financial institutions, and digital payment providers is essential to create an inclusive and supportive cashless ecosystem. By addressing these challenges through awareness programs, user-friendly technology, cost-effective solutions, and improved accessibility, street vendors can be effectively integrated into the digital economy, enhancing their financial security and business sustainability.

FURURE STUDY

This research still has limitations so further research is needed related to the topic of Cashless Economy and Street Vendors: A Study On Awareness, Usage, And Challenges In Pollachi Taluk to perfect this research and increase insight for readers.

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