

## Customer Influence as a Catalyst for Digital Payment Adoption by Street Vendors

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### ABSTRACT

Customers as well as payment systems are the lifeline of any business, as there can be no business without payments and customers; they both are the indispensable part of any business. This study aims at finding customer influence on driving vendors towards a cashless economy. It aims to know whether vendors have adopted such payments because of the customer awareness or due to their preference to pay digitally even for small amount or whether it is adopted to provide it as the alternative payment and prevent them from switching to other vendors. By integrating quantitative survey data with qualitative vendor narratives, it aims at highlighting the behavioural constructs of the vendors. The data has been collected from thirty-two street vendors. Both qualitative and quantitative responses were recorded and analyzed. It helped to know that customers were the significant influencer of digital payment adoption among street vendors, as earlier they tend to lose various customers. Thus, in present time vendors have recognized the strategic value of offering alternative payment methods i.e. digital payments, not just for convenience but to retain customers and survive in this competitive market.

**Keywords:** Customer Influence, Digital Payment Adoption, Street Vendors.

### Introduction

The growth of digital payment systems in India is accelerated due to initiatives like Digital India, UPI integration, and demonetisation which changed the transactional standards in both the formal and informal sectors. Vendors on the streets who historically relied on cash-based transactions shifted to digital payments which represents a behavioural and socioeconomic as well as a technological shift. The digital literacy of vendors and infrastructure plays important role for this. Here, the research indicates that customer behaviour is a key factor in adoption. The digital payment methods such as mobile wallets, QR codes, and UPI systems, have redefined the way consumers and merchants transact. It is seen that formal businesses have quickly integrated these technologies but informal sectors have shown varied rates of adoption.

India's digital payments landscape has expanded explicitly over the last ten years which has been serving as a model for digital adoption globally. The digital payments sector in India includes a broad variety of operations, from banking for the unbanked, which is promoting financial inclusion, to enhancing customer experience for faster, simpler, and safer payment options (Gandhi & PwC India, 2024). Customer's influence is in multiple forms like direct requests for QR code payments or direct social pressure from tech-savvy customers, and perceived reputational benefits associated with digital readiness. Vendors frequently adjust their payment practices in response to such things, navigating trust,

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usability, and perceived usefulness. So, understanding this behavioural interplay is crucial for designing inclusive financial ecosystems that resonate with actual reality.

### **Review of Literature**

Rizwana et al. (2021) overall findings demonstrated that the widespread use of mobile technology has created fantastic potential for the advancement of digital payment systems and made it possible for a large number of unbanked people who were previously financially excluded to become part of the banking system. Kumar and Sofat (2022) additionally, the data showed complete mediation between consumer behaviour by behavioural intention, digital payment availability and awareness, and performance expectations. As time passes, this digitisation also helps them increase consumer basket sizes and sales and revenue. Online payments are only one part of the adoption of digital processes; other elements include information exchange, customer relationship management, and prompt delivery (Ratnesh & Goel, 2021). The majority of vendors on the street had favourable experiences with mobile wallets, including accessibility, ease of use, consumer preference, speedy service, and time savings. Mobile wallets are therefore very beneficial to both customers and street vendors (Govindasamy et al., 2022). In an attempt to keep customers from leaving, vendors shifted to online payment apps. Online payments, however, are growing in popularity since they are convenient and accessible (Pagadala and Sahoo, 2024).

Because of the "customers influence," most street vendors are adopting digital payment methods, according to Reddy et al. (2023).

### **Problem Statement**

Despite incentives and infrastructure improvements, many street vendors remain hesitant to fully embrace digital payments. A key but under-researched factor is the influence of customer behaviour that do customers expect or demand digital payment options, and how does this shape vendor decisions?

### **Research question**

What role customers play in shaping digital payment practices of street vendors?

### **Hypothesis**

$H_0$ : Customers do not influence the digital payment adoption of street vendors.

### **Objective**

It aims to know that how customer awareness of digital payment, preference to pay digitally even for small amount, and whether it is adopted to provide it as the alternative payment and prevent them from switching to other vendors has played a significant role.

### **Scope of the Study**

The study surrounds around customer awareness and preference as key determinants of digital payment adoption further it also analyses the role of alternative payment options in preventing customer from moving to other. The study provides insights into both adoption (driven by awareness and preference by customers) and retention (supported by alternative payment mechanisms provided to customers). The study is particularly relevant for policymakers, financial institutions, and digital payment service providers seeking to enhance inclusion and loyalty among small-scale vendors and their customers.

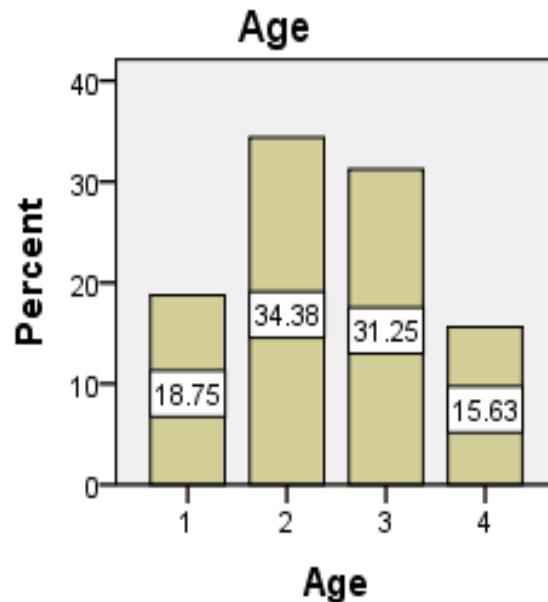
### **Research Methodology**

The study utilises both primary and secondary data. Primary data is collected using scheduling method from vendors from various street vending categories like fast food, vegetable, clothing, electronics, and mobile accessories, etc. from various areas forming part of Central Uttar Pradesh. Thirty-two street vendors are included in the study to achieve the objective of the study by having quantitative as well as qualitative insight. SPSS is used for presenting the data and for qualitative insights key themes are identified and reported.

### **Analysis and Results**

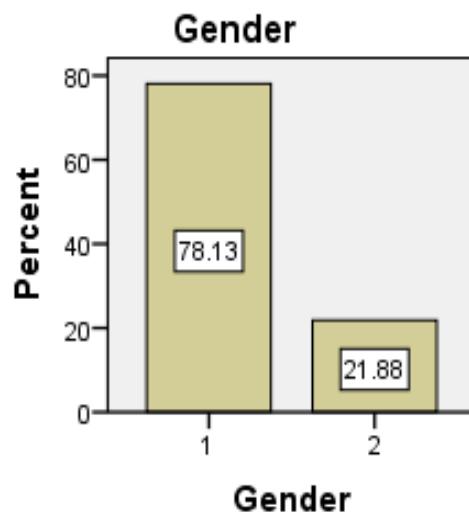
The primary data interpretation is done using the Statistical Package for the Social Sciences. The testing of the internal consistency Cronbach alpha was applied on five items which are based on five-point Likert scale resulted .760 which is more than the acceptable range. Further, the graphical representation of the primary data is presented below:

Here, “1=18-28; 2=29-38; 3=39-48; 4= 49-58 years”. The age distribution reveals that the largest proportion of respondents falls within the 29–38 age group (34.38%), followed closely by the 39–48 group (31.25%). Together, these two segments represent over 65% of the sample, indicating a strong concentration of middle-aged individuals. The 18–28 group accounts for 18.75%, while the 49–58 group is the least represented at 15.63%.



**Bar chart 1: Age**

Here, “1 = Male and 2=Female”. The gender distribution in the dataset is notably skewed here as 78.13% of respondents are male and only 21.88% are female. This imbalance shows that males dominate the sample population.



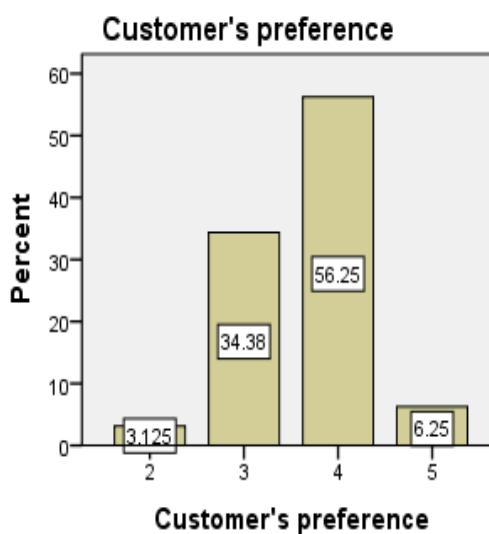
**Bar Chart 2: Gender**

“Customer’s Awareness” chart indicates a strong positive opinion among respondents. A considerable majority (68.75%) Agree while another 18.75% Strongly Agree that customers are aware of digital payment options but only a small portion of the respondents are Neutral (9.375%) and few Disagree (3.125%), indicating doubt and opposition.



**Bar chart 3: Customer’s awareness**

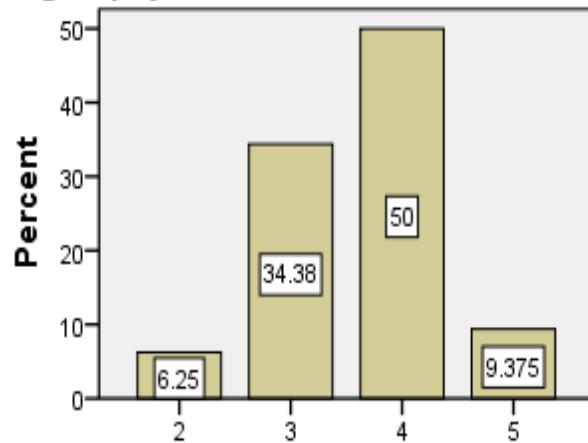
“Customer’s Preference” chart shows that a majority of respondents (56.25%) Agree that they prefer digital payment options, while a smaller portion (6.25%) Strongly Agree. However, a notable 34.38% remain Neutral, indicating a degree of uncertainty or conditional acceptance. Only 3.125% Disagree, suggesting minimal resistance.



**Bar Chart 4: Customer’s Preference**

“Digital Payment Even for Small Amount” chart shows that 50% of respondents Agree that customers use digital payments for small transactions while only 9.375% Strongly Agree, indicating that there is a positive attitude towards digital payment usage. However, a sizable 34.38% remain Neutral, suggesting their hesitation or conditional acceptance perhaps due to transaction fees, convenience, or trust issues and only 6.25% showed disagreement.

**Digital payment even for small amount**

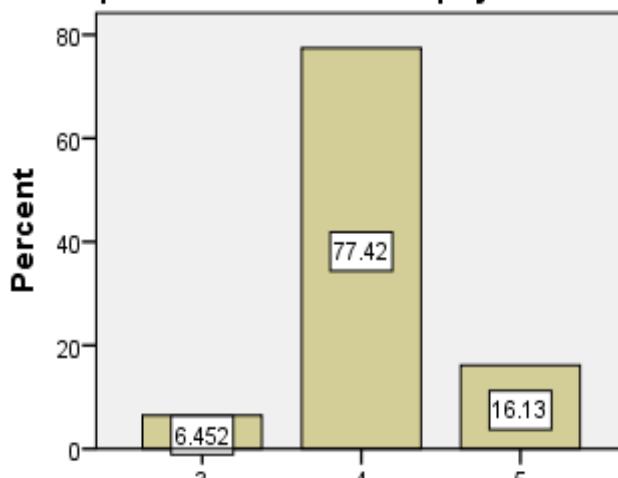


**Digital payment even for small amount**

**Bar Chart 5: Digital Payment even for Small Amount**

"To provide an alternative payment" chart respondents are in favour of offering alternative payment methods. A dominant portion 77.42% Agree, and another 16.13% Strongly Agree, indicating that nearly 94% of participants support the idea. Only 6.45% are Neutral, and no one expressed disagreement.

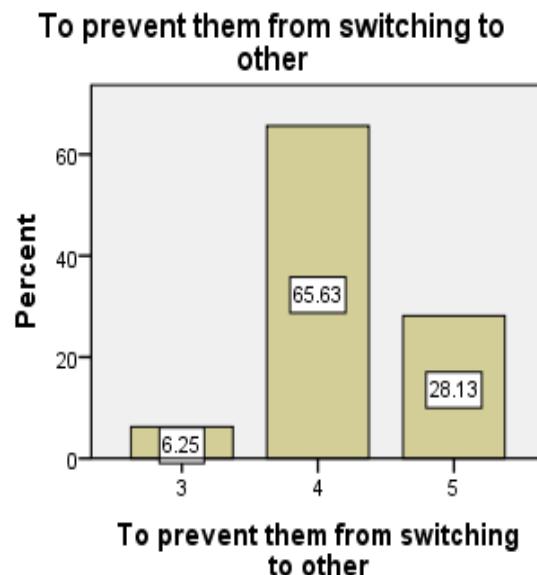
**To provide an alternative payment**



**To provide an alternative payment**

**Bar Chart 6: An Alternative Payment**

"To prevent them from switching to other" chart shows strong support for offering digital payment options as a customer retention strategy. There is majority (65.63%) Agree, and another 28.13% Strongly Agree, indicating that over 93% of respondents believe providing such options helps prevent customers from switching to competitors. Only 6.25% are Neutral, and none expressed disagreement.



**Bar Chart 7: To prevent from switching to other**

Thus,

- **Customer's Awareness:** Agree (68.75%) High awareness among customers; minimal disagreement.
- **Customer's Preference:** Agree (56.25%), Neutral (34.38%) Positive preference, but notable ambivalence remains.
- **Digital Payment for Small Amount:** Agree (50%), Neutral (34.38%) Accepted by most, but some hesitation for low-value transactions.
- **Providing Alternative Payment:** Agree (77.42%), Strongly Agree (16.13%) Overwhelming support for offering multiple payment options.
- **Preventing Customer Switching:** Agree (65.63%), Strongly Agree (28.13%) Vendors view payment flexibility as key to customer retention.

The normality of the data was assessed using both the Kolmogorov-Smirnov and Shapiro-Wilk tests. For all constructs i.e. customer's awareness, customer's preference, use of digital payment even for small amount, alternative payment options, and measures to prevent customers from switching; the results consistently indicated significant deviations from normality. The Kolmogorov-Smirnov statistics ranged between .275 and .420, while the Shapiro-Wilk statistics ranged between .643 and .854. In each case, the significance values were below the threshold of 0.05 ( $p = .000$  or  $p = .001$ ), thereby rejecting the null hypothesis of normal distribution. These findings reveal that the dataset does not follow a normal distribution, which leads to the use of non-parametric statistical techniques for subsequent analysis. The non-normal distribution of the data, non-parametric correlation tests were employed. Both Kendall's tau-b and Spearman's rho coefficients were calculated to examine the associations among variables using SPSS. The results reveal that there are several significant associations across constructs.

- Customer's awareness showed a moderate positive correlation with customer's preference ( $\tau = .409$ ,  $p = .014$ ;  $p = .443$ ,  $p = .011$ ) and a stronger positive correlation with digital payment even for small amounts ( $\tau = .618$ ,  $p = .000$ ;  $p = .659$ ,  $p = .000$ ). It also correlated significantly with providing an alternative payment ( $\tau = .368$ ,  $p = .032$ ;  $p = .385$ ,  $p = .032$ ). However, its relationship with preventing customers from switching was weak and non-significant ( $\tau = .165$ ,  $p = .326$ ;  $p = .178$ ,  $p = .331$ ).
- Customer's preference was positively associated with digital payment even for small amounts ( $\tau = .534$ ,  $p = .001$ ;  $p = .577$ ,  $p = .001$ ), but its correlation with providing an alternative payment

was marginal ( $\tau = .327$ ,  $p = .057$ ;  $\rho = .338$ ,  $p = .063$ ) and non-significant. No meaningful relationship was observed with preventing switching ( $\tau = .034$ ,  $p = .842$ ;  $\rho = .038$ ,  $p = .838$ ).

- The use of such payments for small amount showed strong positive correlations with both customer's awareness and preference, but its association with providing an alternative payment ( $\tau = .259$ ,  $p = .125$ ;  $\rho = .281$ ,  $p = .126$ ) and preventing switching ( $\tau = .189$ ,  $p = .256$ ;  $\rho = .202$ ,  $p = .267$ ) was weak and statistically non-significant.
- While providing an alternative payment was significantly correlated with preventing customers from switching ( $\tau = .525$ ,  $p = .003$ ;  $\rho = .540$ ,  $p = .002$ ), suggesting that offering alternatives may play a role in the customer retention.
- Although, preventing customers from switching did not show significant correlations with awareness, preference, or digital payment usage, but was strongly associated with providing alternative payment options.

Thus, the findings in all show that customer awareness and preference are strongly linked to digital payment adoption, particularly for small transactions. Moreover, providing an alternative payment options is significantly related to customer retention while awareness and preference alone do not directly prevent switching. These results highlight the importance of both awareness and offering diverse payment choices in promoting digital payment adoption and retaining customer loyalty.

The analysis proves that the dataset did not follow a normal distribution, as indicated by both Kolmogorov-Smirnov and Shapiro-Wilk tests with significance values below 0.05 across all constructs. Consequently, non-parametric methods were employed to examine relationships among variables using Kendall's tau-b and Spearman's rho. The results show strong positive correlations between customer awareness, customer preference, and the adoption of digital payments for small amounts emphasizing the role of awareness and preference in driving usage. Furthermore, providing alternative payment options was significantly associated with preventing customers from switching, highlighting its importance in customer retention. Overall, the findings suggest that while awareness and preference are critical for digital payment adoption, offering alternative payment mechanisms is essential for sustaining loyalty and reducing loss of customers.

#### **Key Themes for Qualitative Responses of the Respondents**

- **Young customers:** They often expect the use of UPI and digital options. Younger tech-savvy customers see digital payments as the standard method of transaction and are expecting more smoother UPI and mobile wallet choices. Vendors often use their preferences to remain relevant and competitive in urban marketplaces.
- **Older customers:** They still prefer cash, requiring dual payment modes. Customers older in age still frequently prefer cash because of habit, a lack of digital literacy, or a mistrust of technology is often seen among them.
- **Customer demand:** It is often seen during peak hours and festivals drives digital usage. There is necessity for digital payment readiness is further increased by periods of increased they demand, such as holidays, weekends, or peak hours.
- **Lack of digital options:** Many shared that it previously faced many issues due to lack of adopting digital options which reinforced the need for flexibility. This was the main reason behind incorporating such payments in the business.
- **Key to retention:** It played major role in retaining customers. Digital payments are important part in survival of their business.

#### **Limitations and Future Directions**

There are various limitations like the study has the relatively small number of respondents that limits generalizability. Also, the findings may be context-specific and not fully representative of broader populations. The responses may be influenced by social desirability bias or limited awareness of digital payment systems. The study captures relationships at a single point in time, without accounting for changes in behaviour over longer periods. It relies on non-parametric methods which restricts the ability to test more complex parametric models. For future studies expansion can be made across other regions and demographics to improve representativeness. By tracking changes in awareness, preference, and retention over time to capture evolving behaviours of the vendors. By applying various other tests along

with case studies to deepen understanding. Further by assessing the impact of government initiatives and financial inclusion programs on digital payment adoption in the informal sector. Exploring how innovations such as QR codes, UPI, and mobile wallets influence customer loyalty and vendor sustainability in the present time. Payments are the evolving concept as there is an emerging concept of Central Bank Digital Currency that can be further researched upon.

### Discussion

The results show that there is a significant correlation between customer factors and adoption of digital payment which leads to the rejection of null hypothesis. Unlike big firms that make decisions based on strategy or profitability, street sellers mostly rely on the opinions and actions of their customers. Younger, tech-savvy customers influence vendor policies through transaction preferences as they have the large say in the market. But the impact of customers varies; while sellers in metropolitan areas are under more pressure to accept digital payments rather than those in semi-urban or rural areas who might only experience this demand infrequently. Thus, it can be said that digital payment has significant role in building customer-vendor relationship.

### Conclusion

This study emphasises how crucial it is to understand customer-driven adoption in the unorganised sector. It is seen that young customers have the big say in the market and they are the driving force for digital payment adoption. In order to encourage the use of digital payments in informal markets, policymakers should think about tactics that involve end users as well, including cashbacks or awareness campaigns aimed at street vendors. Results show a vendor base that is actively using digital technology, with a high level of customer awareness and a desire for digital payments, particularly among customers who are young.

Customer demand, according to several vendors, was a major factor in the switch to digital payments (Tadkal, 2025). Vendors understand that providing alternate payment options is strategically valuable, not only for convenience but also for customer retention. But in some areas, the high percentage of indifferent replies points to the need for inclusive design and more subtle behavioural cues, especially for older or less tech-savvy users.

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