

IMPACT OF CASHLESS ECONOMY AND DIGITALIZATION ON SMALL VENDORS IN BANGALORE

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ABSTRACT

This research study aims to examine the impact of the cashless economy and digitalization on small vendors in Bangalore, India. It will explore the challenges faced by small vendors in adapting to digital payment systems, the benefits they derive from embracing digitalization, and the overall impact on their business operations and financial well-being. Primary data will be collected through surveys and interviews conducted with small vendors in various marketplaces and localities in Bangalore. The findings of this research study will contribute to a better understanding of the implications of the cashless economy and digitalization on the livelihoods of small vendors and provide insights for policymakers and stakeholders to develop appropriate interventions and support mechanisms. This study intends to examine how small vendors in Bangalore, India, are affected by the shift to a cashless society and digitalization. It's critical to comprehend how changes brought on by the advent of digital payment systems and the widespread adoption of technology will impact small vendors who rely significantly on cash sales for their lives and enterprises. The study will evaluate the difficulties small vendors have implementing digital payment systems, consider the advantages and disadvantages of digitalization for their companies, and offer suggestions to help them move towards a cashless society.

KEYWORDS: *Cashless Economy, Digitalization, Small Vendors, Financial Well-Being.*

Introduction

In recent years, the city of Bangalore has emerged as a thriving hub of technological innovation and economic growth, epitomizing India's rapid transition towards digitalization and cashless transactions. As the Silicon Valley of India, Bangalore's bustling streets are lined with small vendors selling a diverse array of goods and services, from street food and handicrafts to mobile accessories and clothing.

This transformation is fueled by the widespread adoption of digital payment systems, driven by the government's push for financial inclusion and the rise of fintech startups offering innovative solutions. From mobile wallets to UPI-based transactions, digital payment platforms have become ubiquitous, transforming the way transactions are conducted in Bangalore's vibrant markets.

Objective of the Study

- Increased Efficiency: Cashless transactions and digitalization streamline payment processes for small vendors in Bangalore.

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- Expanded Customer: Embracing digital payment methods enables small vendors.
- Financial Inclusion: The shift towards a cashless economy promotes financial inclusion by providing small vendors

Review of Literature

	Title of the Paper	Author	Objectives	Observations
1.	Increased Efficiency	Ken Banks	objective in exploring the impact of cashless economy and digitalization on small vendors is multifaceted:	Digital payment systems can streamline transactions for small vendors, reducing the time and effort required for handling cash. This can lead to increased efficiency in their operations.
2.	Access to a Larger Customer Base	Bill Maurer	Maurer's objective is to provide a comprehensive understanding of how digitalization enhances small vendors' ability to access a larger customer base, offering insights into the opportunities and challenges associated with this transition in the context of cashless economies.	Digitalization allows small vendors to reach a broader customer base beyond their immediate physical location. Online platforms and digital marketing can help them connect with customers who prefer cashless transactions.
3.	Reduced Security Risks	Jonathan Donner	Jonathan Donner's objectives reflect a comprehensive approach to understanding and addressing security risks in the context of the cashless economy and digitalization, with a focus on enhancing the resilience and security of small vendors in Bangalore's economic landscape.	Handling cash can pose security risks for small vendors, such as theft and counterfeit currency. Digital transactions offer a safer alternative, as the risk of theft and fraud is significantly reduced.
4.	Accounting and Record Keeping	Nathan Eagle	Nathan Eagle's objectives reflect a comprehensive approach to understanding and addressing the implications of digitalization on accounting and recordkeeping practices among small vendors in Bangalore, with a focus on promoting efficiency, adoption, and financial inclusion.	Digital payment systems automatically generate digital records of transactions, simplifying accounting and record-keeping for small vendors. This can help them better track their finances and make informed business decisions.
5.	Challenges of Adoption	Jonathan Donner	Jonathan Donner's objectives reflect a comprehensive approach to understanding the challenges of adoption in the context of cashless economy and digitalization, with a focus on informing actionable strategies and policies to support small vendors in Bangalore and similar context	While digitalization offers numerous benefits, small vendors may face challenges in adopting a cashless payment system. These challenges include initial setup costs, technical knowhow, and concerns about data security and privacy.

6.	Digital Divide	Sherry Turkle	Sherry Turkle's objectives reflect a commitment to understanding and addressing the digital divide in the context of cashless economy and digitalization, with a focus on promoting equitable access to technology and digital resources for small vendors in Bangalore and similar contexts	There's a risk that small vendors with limited access to technology or digital literacy may be left behind in a cashless economy. Efforts to bridge this digital divide through training programs and infrastructure development are essential to ensure equitable participation.
7.	Dependency on Technology	Ken Banks	objective in exploring the impact of cashless economy and digitalization on small vendors is multifaceted:	Small vendors relying solely on digital payments systems may face disruptions in case of technical issues or outages. Maintaining a backup system for accepting cash or alternative payment methods can mitigate this risk.
8.	Regulatory Environment	Bill Maurer	Maurer's objective is to provide a comprehensive understanding of how digitalization enhances small vendors' ability to access a larger customer base, offering insights into the opportunities and challenges associated with this transition in the context of cashless economies.	Government regulations and policies play a crucial role in shaping the transition to a cashless economy. Small vendors may need support in navigating regulatory requirements and compliance to ensure a smooth transition.

Methodology

Primary Data

The term "primary data" refers to information that is obtained for the very first time, either directly from the source or by direct interaction with the population that is being studied. This data has not been published or analysed in the past. Researchers utilize primary data to address specific research questions and to get new insights into a certain phenomenon or topic. Primary data can give researchers with original insights into a wide range of topics.

Secondary Data

Secondary data is information that has already been gathered, processed, and published by someone else for a purpose that is distinct from the one for which it is presently being utilized. This information may have been collected, processed, and published for a variety of reasons. This particular kind of information can be accessed from a wide number of sources, including governmental bodies, research institutions, academic publications, industry reports, and other published materials.

Analysis and Interpretation

Table 1

Sl. No	Gender	Percentage
1	Male	56.66
2	Female	43.33
	Total	100

The above table represents that majority of the respondents are of male gender.

Analysis

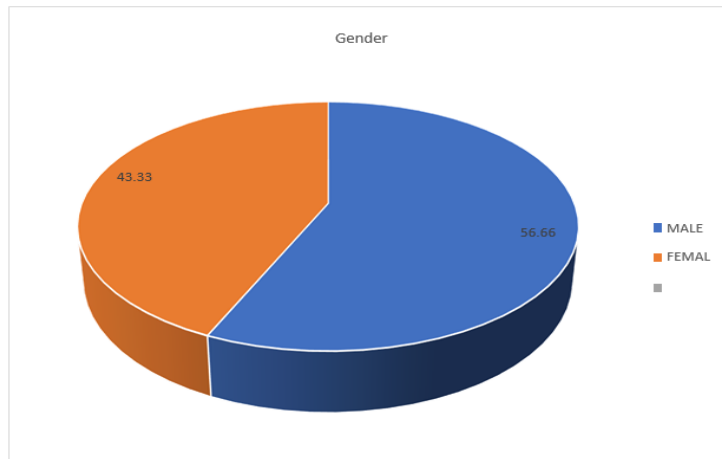


Figure 1: Gender

Interpretation

From the given data shown in the table and pie chart ,We conclude that many respondents identify as male, accounting for 56.66 percent of the total. In contrast, the female category makes up 43.33 percentof the respondents.

Table 2

Sl. No	Educational Qualification	Percentage
1	School dropout	33.33
2	Primary school	23.33
3	Middle school	23.33
4	High school and above	20
	Total	100

Analysis

The above table represents that majority of the respondents are of school dropouts in their educational qualification

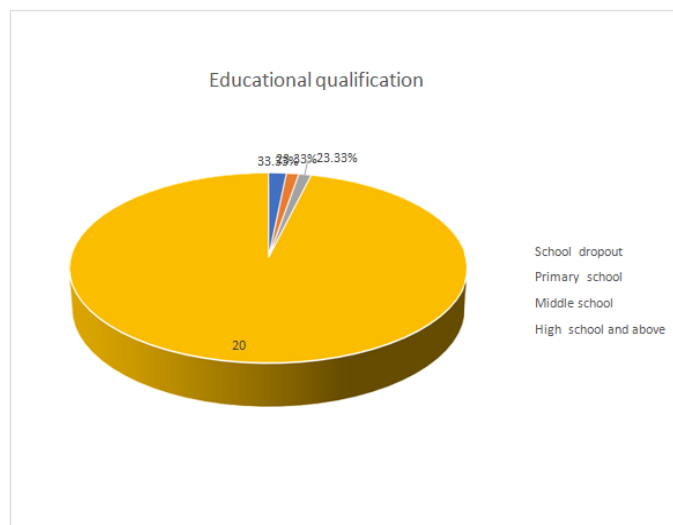


Figure 2: Educational qualification

Interpretation

Analysing the data from the table and pie chart, it becomes clear that many respondents have a school dropout background, comprising 33.33 percent of the total. Additionally, an equal proportion of respondents have completed primary and middle school education, each accounting for percent of 23.33. Conversely, there is a relatively small number of respondents of 20 percent with qualifications at the high school level and above.

Findings

- On the other hand, in general, the impact of a cashless economy and digitization on small sellers in Bangalore (and elsewhere) can be complicated and multi-faceted.
- The adoption of digital payment systems can, on the one hand, deliver improved convenience, security, and efficiency for both vendors and customers, leading to increased sales and revenue for small businesses.
- This is because digital payment systems can process transactions more quickly, securely, and efficiently. On the other hand, the shift towards a cashless economy may also provide difficulties for vendors that do not have the resources, infrastructure, or technological expertise necessary to adapt to the new payment methods.
- In addition, research has shown that the benefits of digitalization and cashless payments are not uniformly dispersed, with larger and more established organizations frequently enjoying the biggest benefits.
- This is because larger businesses tend to have more digitalized and cashless payment systems. Smaller businesses might have to contend with higher transaction fees, restricted access to finance, and increased competition from online merchants, all of which might be detrimental to the growth and viability of the smaller enterprises.
- This is because larger businesses tend to have more digitalized and cashless payment systems. Smaller businesses might have to contend with higher transaction fees, restricted access to finance, and increased competition from online merchants, all of which might be detrimental to the growth and viability of the smaller enterprises.
- In general, the effect that digitalization and cashless payments have on small vendors in Bangalore is likely to be influenced by a number of different factors.
- These factors include the particular market and regulatory environment, the level of technology adoption and infrastructure, and the availability of resources and support for small businesses.

Suggestions

- **Provide Access to Digital Payment Solutions**

It is vital to give small vendors with access to digital payment solutions that are easy to use, affordable, and secure in order to encourage them to adopt digital payment methods. This will increase the likelihood that small vendors will adopt digital payment methods. Partnerships with banks, payment service providers, or government efforts are all viable options for accomplishing this goal.

- **Raise the Level of Digital Literacy**

Small vendors need to be trained on how to use digital payment solutions. This training should include how to set up and operate payment terminals, as well as how to safely manage digital transactions. Training programs, workshops, and informational campaigns are all excellent avenues for accomplishing this goal.

Conclusion

Several studies have demonstrated that the implementation of digital payment methods and cashless transactions may result in beneficial outcomes for small sellers in Bangalore. For example, a study that was carried out by the Indian Institute of Management Bangalore (IIMB) discovered that small vendors that implemented digital payments enjoyed a rise in their sales revenue that was, on average, thirty percent higher. In addition, the research discovered that the use of digital payment methods helped suppliers enhance their financial inclusion while simultaneously lowering the danger of theft and fraud. However, there are also fears that the transition to a cashless economy could have a severe impact on small vendors that do not have the necessary infrastructure and resources to embrace digital payment

systems. These sellers do not have access to cash as a form of payment since they do not accept it. According to a study that was carried out by the Reserve Bank of India (RBI), small vendors encounter a number of obstacles when it comes to implementing digital payment systems.

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