

**International Conference – 2025: Developed India @ 2047****Charting Multidisciplinary and Multi-Institutional Pathways for Inclusive Growth and Global Leadership held on 4th & 5th April, 2025****Organised by: IQAC - Gossner College, Ranchi**

## **Impact of Digital Financial Services on Mobile Street Vendors of Ranchi City**

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### **Abstract**

This study investigates the status of digital transactions among marginalized communities, specifically roadside mobile vendors in Ranchi city. Using a mixed-methods approach, the research integrates both qualitative and quantitative data to evaluate the empowerment of this group. 100 participants were studied for this study. The findings reveal that economic constraints, serves as a key factor in shaping business operations, work-life balance, and family well-being. This Practical investigation study explores the effect of digital financial inclusion on street vendors by capturing the complexities of their financial lives and the role of digital technologies. By combining qualitative and quantitative insights, the research examines mobile street vendors interactions with digital financial services, focusing on their, challenges, motivations and aspirations. The study highlights how digital transactions influence time and money management, providing an accessible and hassle-free option and accessible means for vendors to handle & oversee finances, conduct transactions, access credit, and develop a saving tendency. Additionally, the paper discusses the benefits of government programs aimed at supporting this group through Digital banking solutions, highlighting the importance of financial inclusion in improving their economic stability.

**Keywords:** *Mobile Vendors, Digital Transaction, Business and Family Management, Saving Tendency, Government Programs.*

### **Introduction**

In recent years, there has been growing global discussion about financial inclusion because it helps reduce poverty and support economic growth. Having access to financial services is not just a convenience, it is a basic right that helps people improve their lives, some groups, like street vendors, still have trouble using these services. Since they work in the informal sector and do not always have access to banks, making sure they can use financial services is important for economic progress. Street vendors are common in many developing countries, selling goods to earn a living. They play a big role in the local economy by providing jobs and products to communities. But because they work informally, they often cannot use banking services, making it harder for them to grow their businesses or save money. To solve this problem, we need to understand how digital financial services, like mobile banking and online payments, can help street vendors and what challenges they face in using them. This study aims to learn about their experiences with digital finance and find



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ways to make financial services easier for them to use. To do this, the research will use different methods, including interviews, surveys, and observations, to understand how street vendors use digital finance. It will explore what encourages them to use these services, what difficulties they face, and what they think about them. The study will also look at factors like access to technology, financial knowledge, trust in digital services, and government rules. The goal is to find ways to improve digital financial services so that they are more helpful to street vendors. This study is not just for academic purposes—it also aims to help policymakers, organizations, and others create better programs and policies to support street vendors. By understanding the problems they face, we can come up with solutions to help them access and use digital financial services more easily. The rest of this paper will explain the research in more detail, review other studies on this topic, describe the research methods, and discuss how the findings can help improve financial inclusion for street vendors.

#### Problem Statement

Digital Financial service is important for the economic growth of a country. Everyone should have access to financial services at a low cost., in developing countries like India, many low-income people, including street vendors, do not have easy access to banks. Because of this, they often have to borrow money from other sources, which can be very expensive.

Sometimes street vendors try to use banking services, they face many difficulties. This study focuses on the problems street vendors in Ranchi city face in accessing financial services and aims to understand the challenges they experience.

#### Scope of the Study

In today's world Street vendors plays an important role in city economies, but since they work in the informal sector, they often cannot use formal banking services. This lack of access makes it harder for them to manage their finances and keeps them in a Fragile financial state. Although digital financial services could help solve these problems; it is unclear how many street vendors actually use them. This study aims to understand how well street vendors are included in digital finance and what challenges stop them from using these services. It will look at key factors like access to technology, financial knowledge, trust in digital systems, and government rules. By studying these issues, the research hopes to find ways to improve digital financial access for street vendors and help them become more financially secure.

#### Objective

- To examine the Role of Financial services in empowerment of mobile street vendors, their degree of confidence in digital transactions, and the challenges posed by government Policies and guideline.
- To Identify key Barriers hindering street vendors from accessing digital financial services.



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#### Research Questions

- How have digital financial services affected mobile street vendors in Ranchi?
- What factors encourage or discourage their adoption?
- What challenges do vendors face in using digital finance?

#### Significance of the Study

- It will be Beneficial for policymakers, financial institutions, and vendors
- It has huge Potential for economic empowerment and financial inclusion

#### Review of Literature

- **Jack & Suri (2011)** – Studied the impact of mobile money (M-Pesa) on financial inclusion in Kenya. Found that digital finance helped households manage risks and increased financial security.
- **Debdulal Saha (2011) & Sharit K. Bhowmik** -About 92 per cent of the labour market of India is busy in the Gig economy. Street vending plays an important role in the economy of the country and Street vendors are generally described as self-employed individuals operating within the urban informal sector, selling goods or services on the streets without a fixed, permanent structure. This form of vending serves as A vital source of income for the urban poor in India, which has steadily expanded over the years.
- **Demirgüç-Kunt & Klapper (2013)** – The World Bank's Global Findex report highlighted financial exclusion among informal workers and stressed the need for DFS to bridge the gap.
- **Riley (2014)** – Found that the adoption of mobile banking in developing countries was slow due to limited digital literacy and a lack of trust in digital transactions.
- **Klapper & Singer (2015)** – Examined how mobile payments could improve financial access for small businesses and informal workers. Found that DFS adoption was limited by infrastructure and financial awareness.
- **Mr. Nitu Konwar (2015)**- This paper examines the earnings and savings patterns of street vendors. in Jorhat town, along with their access to financial services in the study area. In today's monetary economy, money plays a vital role in acquiring resources for production, forming the foundation of financial systems worldwide, though their stages of development differ. While moneylenders offer an easily accessible source of capital with minimal formalities, they often pose risks by charging high-interest rates, potentially leading borrowers into a debt trap. The study reveals that most Street vendors lack bank accounts and encounter major obstacles in obtaining financial services offered by banks and other financial institutions
- **Dr. M. N. Mohamed Abusali Sheik and M. Sareswathy (2016)**- A street vendor is a person who offers goods or essential services in public spaces at affordable prices, ensuring easy access for consumers. In the modern era, street vendors serve a vital function. Traditionally, this profession was dominated by men, but with changing times, women have also become actively involved, often facing greater challenges than their male counterparts. Street vendors also operate



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as hawkers, peddlers, and similar roles, selling products made by home-based and small-scale industries. Beyond their economic contributions, street vendors support a significant portion of the urban population, with more than half of city dwellers depending on them for their daily necessities.

- **Bansal (2016)** – Focused on India's financial inclusion initiatives and found that street vendors faced barriers like transaction costs, regulatory challenges, and digital illiteracy.
- **Duncombe (2016)** – Explored DFS usage in microenterprises. Identified that mobile banking adoption varied based on education levels and business size.
- **Chopra et al. (2017)** – Investigated how India's Jan Dhan Yojana and UPI-based payments were increasing financial inclusion but noted challenges related to cybersecurity risks.
- **Suri & Jack (2018)** – Found that DFS adoption among small business owners improved their ability to save and manage credit. However, trust in DFS remained low among unbanked populations.
- **Gomber et al. (2018)** – Studied fintech growth and digital payments in India. Highlighted that small merchants were gradually shifting to UPI and QR-based payments.
- **Singh & Ghosh (2019)** – Analyzed digital payment adoption in urban street markets in India. Found that young and tech-savvy vendors adopted DFS more quickly, while older vendors struggled with the transition.
- **Mehrotra (2020)** – Researched the role of financial literacy programs in increasing DFS adoption among street vendors. Found that targeted training programs helped vendors understand and trust digital payments.
- **Ozili (2021)** – Found that COVID-19 lockdowns pushed many informal workers towards DFS adoption due to social distancing norms and reduced cash handling.
- **Agur et al. (2021)** – Examined the role of government policies (e.g. Digital India, QR payments, and banking incentives) in DFS expansion among small traders.
- **Saxena & Chaturvedi (2022)** – Conducted a field study in Indian cities and found that UPI transactions increased among mobile street vendors post-pandemic, but some vendors still preferred cash due to transaction charges.
- **Kumar & Prakash (2023)** – Investigated the role of women street vendors in digital finance adoption and found that gender-based financial literacy programs were effective in boosting DFS usage.

## Research Methodology

### Research Design

A mixed-method approach was used:

- **Quantitative:** Survey of 100 mobile street vendors.
- **Qualitative:** Interviews with selected vendors for deeper insights.

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**Study Area – Ranchi City**

Ranchi city has a large population of street vendors engaged in selling food, clothes, and household items. The study focuses on vendors in high-footfall areas like Main Road, Lalpur, Doranda, and Harmu, Argora, Ashok nagar, Dhurwa etc.

**Data Collection Methods**

- A primary data questionnaire was utilized for data collection, Such as Surveys and face-to-face interview.
- Secondary data was collected from Government reports, research papers, and financial studies, Articles, magazines, and books.

**Sampling Method**

A stratified random sampling approach was used to ensure diversity among vendor types.

**Data Analysis (Quantitative Data)**

- Simple Percentage
- Rank correlation is used in the study

**Data Analysis Tools (Qualitative Data)**

- **Thematic Analysis**

Identifies common themes, patterns, and ideas in responses, knowledge, or "technical problems.

- **Content Analysis**

Examines words, phrases, and meanings in responses, helps in quantifying some qualitative data.

- **Mind Mapping & Concept Mapping**

Visual representation of ideas and themes., Helps connect different opinions and insights.

- **Quantitative Data:** Statistical analysis of DFS adoption rates and usage trends.
- **Qualitative Data:** Thematic analysis of interview responses.

**Factors Influencing Digital Financial Services Adoption**

- Many vendors has trust & Security Concerns such as fraud, scams, or losing money online. If they hear stories of hacking or transaction failures, they may avoid DFS. Vendors who trust banks and payment apps are more likely to use DFS.



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- Many Customers Demand for digital payments: Vendors accept DFS if their customers prefer digital payments. If many customers ask to pay via QR code, vendors are more likely to adopt DFS. If most customers still prefer cash, vendors may not feel the need for DFS.
- There are some Charges for digital payment methods charge fees for transactions, reducing profits. If transaction fees are high, vendors may prefer cash. If banks offer free transactions, vendors are more likely to use DFS.
- State Government incentives can encourage vendors to adopt DFS. Some vendors receive subsidies, training, or incentives to use digital payments. If the government mandates digital payments (e.g., GST compliance), vendors will adopt DFS. Peer Influence & Social Factor: Vendors often follow what other vendors are doing. If fellow vendors successfully use DFS, others will try it too. Vendors in urban areas are more likely to adopt DFS than those in rural areas. Ease of Use & Technical Support Vendors prefer simple and easy-to-use digital payment methods. Complicated apps or lack of customer support can discourage usage. If DFS apps offer help in local languages, more vendors will use them.

#### Essential Elements of Street Vendors

1. Street vendors often come under informal economy as they work lacking business permits or official recognition. This makes it harder for them to access financial services and legal protection, and they may face challenges like eviction or harassment.
2. Many street vendors resume small businesses with little money. They are creative and hardworking, quickly adapting to customer needs and market changes.
3. Street vending provides jobs for millions, especially in cities where finding formal jobs is difficult. It has flexible hours and is easy to start, Rendering it a favourable choice for migrants, women, and young people. They are the great source for providing livelihood for many.
4. Street vendors bring life to cities by selling unique products, traditional foods, and handmade crafts. They help preserve culture and build strong community connections, vendors bring about Societal and traditional principles.

#### Difficulties Encountered by Street Vendors in Ranchi

- Street vendors have Lack of Legal Recognition & they face Evictions, many vendors do not have licenses, so authorities remove them from public places. They face harassment from police or municipal officers. Sometimes, they have to pay bribes to continue working. Low & Unstable Income. Their earnings change daily because they depend on customer footfall., Bad weather, festivals, or lockdowns can reduce sales. Customers may bargain too much, lowering their profits.





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- Vendors find it tough to get bank loans because they don't have proper documents, they take loans from moneylenders at exorbitant interest rates. Without capital, they cannot expand their business. Limited Use of Digital Payments: Many vendors still rely on cash because of: Lack of smartphones or internet access. Fear of fraud or transaction failures. Low awareness about UPI, Paytm, or Google Pay.
- Too many vendors selling the same products reduce their earnings. Inflation increases costs, but customers refuse to pay more. Large retailers and supermarkets take away their customers.
- Vendors endure extended working hours in harsh weather conditions.
- No proper shelter in case of heat, rain, or cold. No access to clean drinking water or public toilets. Safety & Security Issues: Vendors are at risk of theft, harassment, and accidents. Street crimes like pickpocketing are common in crowded markets. Traffic and lack of footpaths make their location unsafe. Vendors face poor working conditions.
- Many vendors have no knowledge about government schemes that can help them. Some schemes require too much paperwork, making it hard to apply. Officials do not always support vendors despite policy promises.

#### Street Vendor's Atma Nirbhar Nidhi (PM SVANIDHI) Scheme

The scheme started in June 2020 is a government loan program started in to help street vendors grow their businesses. It provides small, easy loans without any security deposit, so vendors can restart or expand their work after the COVID-19 lockdown.

#### Key Features of the Scheme

It provides Easy Loans for Street Vendors: Vendors can get a ₹10,000 loan for one year. If they repay on time, they can apply for a ₹20,000 loan next. A ₹50,000 loan is available for vendors with a good repayment history. No Need for Collateral (Security Deposit) Vendors don't need to mortgage property or assets to get the loan.

It has provision for Digital Payment Incentives: Vendors get ₹50–₹100 cashback every month if they use UPI, Paytm, or other digital payments. It has Low-Interest Rates: The government provides a 7% discount on loan interest, making repayment easier. Vendors can apply online at [pmsvanidhi.mohua.gov.in](https://pmsvanidhi.mohua.gov.in) or through banks., through online application.

#### Perceived Benefits and Drawbacks

- **Faster & Convenient Transactions:** Digital payments save time compared to handling cash. No need to count money or give change. Transactions happen instantly, even if the customer has no cash. More Customers & Higher Sales: Many customers prefer digital payments over cash. Accepting DFS attracts tech-savvy customers. Vendors don't lose sales when customers don't have cash. Increased Safety & Security Digital payments reduce the risk of theft. No need to carry or store large amounts of cash. Less chance of fake currency problems.



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- Easier Record-Keeping & Financial Tracking: DFS keeps digital records of sales, helping with book keeping. Vendors can track earnings through SMS or bank statements. Helpful for getting loans and government benefits.
- Access to Financial Services & Loans: payments help vendors build a financial history, making it easier to get loans. Some banks offer business loans based on digital transactions. Government schemes like PM SVANIDHI require digital records.

### Data Analysis and Interpretation

The collected data has been carefully organized and presented in tables under different sections. The data is arranged systematically to allow for a detailed analysis, making it easier to draw meaningful conclusions. To analyze and interpret the data, various statistical tools have been used, including simple percentage analysis, Likert scale, and rank correlation analysis.

### Simple Percentage Analysis

Simple Percentage (%) analysis is a method used to convert raw data into percentages for easier understanding. It helps in organizing and summarizing the collected information by showing how different responses are distributed. This method is particularly useful for comparing different sets of data and understanding survey results more clearly.

### Findings

- 44% of the Participants fall within the age rang group of 36 years - 45 years.
- 32% of the Participants are illiterate.
- 53% of the respondents sells street foods
- 51% of the participants has 5-10 Years of Experience as a Street Vendor:
- 51% of the participants work during Day shift.
- 27% the participants invest through Money Lenders.
- 71% of the participants have their Bank Accounts.
- 60% of the participants have mobile phone.
- 84% of the participants use digital payment method for their transactions.
- 46% of the participants use QR code payments as a digital payment method.
- 43% of the participants came to know about the government schemes through social media.
- 88% of the participants know about the eligibility criteria for availing benefits under the scheme.
- 41% of the participants save their money weekly from their earnings.
- 45% of the participants feel neutral with their current financial status as a street vendor.



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- The participants ranked 1 for Offer a viable livelihood as a Reason for opting street vending as a primary occupation.
- The participants ranked 1 for the Street Vendor's Atma Nirbhar Nidhi SVANIDHI Scheme.

**Summary Of Findings**

The adoption Moderate Digital financial services ,45% of vendors use digital payments the Key barriers for them are like, Lack of financial literacy, security concerns, and infrastructure challenges. Benefits: Increased sales, reduced cash handling risks, and improved record-keeping Digital finance adoption is growing but faces technological, financial literacy, and security barriers. Vendors need better infrastructure and training to enhance DFS usage. Government and financial institutions must collaborate to increase DFS trust and accessibility.

**Conclusion**

Digital financial inclusion is an impactful tool that can help street vendors access financial services, improve their earnings, and grow their businesses. By merging mobile payments, digital wallets, and microfinance solutions, street vendors can reduce their dependence on cash transactions, making their businesses more secure, efficient, and scalable. Yet, despite the benefits, there are several challenges that need to be addressed. Many street vendors face hurdles such as lack of digital literacy, unstable internet connectivity, and distrust in digital financial systems. Additionally, high transaction fees on digital platforms, limited access to formal banking services, and the complexity of regulatory requirements can make it difficult for street vendors to adopt digital payments fully. Addressing these challenges requires a comprehensive strategy. Collaboration among governments, financial institutions, and technology providers is essential to develop accessible, cost-effective digital solutions designed specifically for the needs of street vendors. Awareness initiatives and digital literacy programs can empower street vendors by enhancing their confidence in utilizing digital financial tools. Additionally, financial policies that simplify access to microloans and affordable credit can provide essential support for business growth. Ultimately, digital financial inclusion has the capacity to elevate street vendors by offering financial stability, expanding business opportunities, and fostering economic independence. With adequate infrastructure, supportive policies, and proper education, street vendors can maximize the benefits of digital financial services, contributing to a more inclusive and sustainable economy.

This research highlights the evolving role of digital financial services in empowering mobile street vendors and provides actionable insights for improving financial inclusion.

**Policy And Practical Recommendations**

- Government and NGOs should conduct digital finance awareness workshops Financial Literacy Programs through Financial Literacy Programs.
- The infrastructure should be improved so that expansion of internet and mobile networks services are flawless.



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- There should Trust-Building Measures so that Banks and fintech firms should enhance fraud protection measures and build vendor trust.

### Limitations of the Study

This Geographical limitation: Focused only on Ranchi City; results may not apply to other regions. Self-reported data: Vendors' responses may have biases.

### Suggestions For Future Research

Comparative studies with other cities (e.g., Patna, Kolkata). Long-term impact of DFS adoption on vendor earnings.

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