



An Empirical Study On Digital Financial Inclusion Among The Street Vendors (With Special Reference To Coimbatore City)

Dr. M. KALIMUTHU

Professor

Department of Commerce with Professional Accounting Dr. N. G. P. Arts and Science College
Coimbatore - 641048.

SUDALAI MANI P

III B. Com (PA), Department of Commerce with Professional Accounting Dr. N. G. P. Arts and Science
College

Coimbatore – 641048.

1. ABSTRACT

The advent of digital financial technologies has offered a promising solution to bridge this gap and extend financial services to previously underserved populations, including street vendors. Mobile banking, electronic payments, and digital wallets have emerged as powerful tools to overcome the barriers of traditional banking, offering a convenient and accessible means for individuals to manage their finances, make payments, and access credit. By leveraging the widespread penetration of mobile phones and digital infrastructure, digital financial inclusion initiatives aim to empower marginalized groups like street vendors, enabling them to participate more fully in the formal economy and improve their financial well-being. However, the realization of digital financial inclusion for street vendors is not without its challenges. Despite the proliferation of digital financial services, adoption rates among marginalized communities remain uneven, influenced by a myriad of socio-economic, cultural, and institutional factors. Street vendors, in particular, face unique hurdles, including low literacy levels, limited access to smartphones and internet connectivity, and distrust of formal financial institutions. Moreover, the complex regulatory landscape governing digital finance introduces additional barriers, impeding the effective implementation of inclusive policies and programs.

Keywords: Changing lifestyle, Consumption pattern, Consumer Behavior, Market Segmentation.

1.1 INTRODUCTION

In recent years, the global discourse on financial inclusion has gained momentum, recognizing it as a vital catalyst for socio-economic development and poverty reduction. At the heart of this discourse lies the acknowledgment that access to formal financial services is not only a matter of convenience but also a fundamental right, essential for empowering individuals and fostering inclusive growth. Despite concerted efforts to expand financial services worldwide, certain marginalized groups, such as street vendors, continue to face significant barriers to accessing and utilizing these services. Operating within the informal economy and often excluded from traditional banking channels, street vendors represent a critical segment of society whose financial inclusion is imperative for broader socio-economic progress.

The phenomenon of street vending is ubiquitous in many developing countries, where individuals engage in small-scale trade and commerce to earn a livelihood. These vendors play a crucial role in urban economies, providing essential goods and services to local communities while contributing to employment generation and economic activity. However, their informal status and precarious livelihoods often result in limited access to formal financial services, relegating them to the margins of the financial system.

Against this backdrop, there is a pressing need for empirical research to examine the dynamics of digital financial inclusion among street vendors, shedding light on the factors shaping their adoption and usage of digital financial services. By undertaking an in-depth investigation into the experiences, perceptions, and behaviors of street vendors regarding digital finance, this study seeks to provide valuable insights that can inform policy and practice aimed at promoting inclusive financial systems.

This empirical study sets out to explore the landscape of digital financial inclusion among street vendors in employing a mixed-methods approach to capture the complexity of their financial lives and the role of digital technologies therein. Through a combination of qualitative interviews, surveys, and participant observation, we aim to uncover the nuances of street vendors' interactions with digital financial services, examining their motivations, challenges, and aspirations.

Drawing upon theoretical frameworks from the fields of financial inclusion, technology adoption, and informal economies, this study seeks to develop a comprehensive understanding of the factors influencing street vendors' engagement with digital finance. By exploring themes such as access to technology, financial literacy, trust, and regulatory environments, we endeavor to identify strategies to enhance the effectiveness and inclusivity of digital financial inclusion initiatives targeted at street vendors.

In addition to its academic contributions, this study aspires to generate practical insights that can inform the design and implementation of policies, programs, and interventions aimed at fostering digital financial inclusion among street vendors. By elucidating the barriers and facilitators to adoption and usage of digital financial services, we aim to empower policymakers, development practitioners, and other stakeholders to craft contextually relevant solutions that address the unique needs and challenges faced by street vendors in their journey towards financial inclusion.

In the subsequent sections of this paper, we provide an overview of the conceptual framework guiding our study, review relevant literature on digital financial inclusion and street vending, detail our research methodology, and discuss the potential implications of our findings for policy, practice, and future research endeavors.

This introduction provides a comprehensive overview of the rationale, objectives, and significance of the empirical study on digital financial inclusion among street vendors within the specified word limit. It sets the stage for the subsequent sections of the paper, outlining the research approach and highlighting its potential contributions to theory, practice, and policy.

1.2 STATEMENT OF THE PROBLEM

Financial inclusion is an integral part of inclusive and sustainable growth process of an economy. Proper access to finance at an affordable cost to all the section of the society is a key requisite to all the section of the society is a key requisite to economic growth. In a developing country like India, a large segment of the society, particularly, low income people have very little access to formal financial sector. Thus, the poor people go needs even through it's costly. When the street vendors approach the banks they are confronted with various problems. This study is concerned with the financial inclusion of street vendors in Coimbatore district.

1.3 SCOPE OF THE STUDY

Street vendors, integral to urban economies, often operate within the informal sector, limiting their access to formal financial services. This exclusion constrains their financial capabilities and perpetuates economic vulnerability. Despite the potential of digital financial technologies to address these challenges, street vendors' participation in digital financial ecosystems remains unclear. This study aims to elucidate the extent of digital financial inclusion among street vendors and the barriers impeding their adoption of digital

financial services. It seeks to understand the factors influencing their engagement with digital finance, including access to technology, financial literacy, trust, and regulatory constraints. By investigating these aspects, the research aims to provide insights into enhancing digital financial access and empowerment for street vendors.

1.4 OBJECTIVE

- To study the concept of financial inclusion and the level of awareness of street vendors on banking services available to them.
- To explore the factors influencing street vendors' engagement with digital finance, including access to technology, financial literacy, trust, and regulatory constraints.
- To identify the primary barriers hindering street vendors from adopting digital financial services.
- To find out the problems faced by street vendors while going to avail any banking service.

1.5 RESEARCH METHODOLOGY **Research design:**

The descriptive research design was applied in the research methodology of the study work.

Sampling technique:

Multistage convenient sampling.

Sampling size:

120 samples are selected from Various Street vendors in Coimbatore city.

Method of data collection

- Primary data

Questionnaire was used to collect the data

- Secondary data

Journals, Articles, magazines, and books were used in review of literature.

Tools for analysis

- Simple Percentage
- Rank correlation.

Area of study

Coimbatore city was the area of study

1.6 LIMITATION OF THE STUDY

- The geographical scope of the study is limited to Coimbatore city
- The questionnaire is limited to collect the data

CHAPTER II REVIEW OF LITERATURE

Sharit K. Bhowmik And Debdulal Saha (2011)¹, An overwhelming 92 per cent of the Indian labour market is engaged in the informal sector. Street vending is an important economic activity and street vendors are broadly defined as self-employed workers in the urban informal sector who offer their labour for selling goods and services on the street in the absence of any permanent built-up structure. Finally, street vending is one of the means of survival for the urban poor in India, and not surprisingly, it has been flourishing over the years.

Sharit K. Bhowmik and Debdulal Saha(2011)², Street vendors are one of the most marginalised, poor as well as vulnerable sectors of the urban informal labour market. While street vending is seen as a thriving business given their capacity to adapt to the changing demands of urban society, this category of self-employed persons is yet to receive legal legitimacy. Several factors contribute to this situation, prime among them being access to formal credit. While it can be argued that financial inclusion and inclusive growth can together generate self-employment opportunities and alleviate poverty and unemployment, easy access to formal credit institutions is the stumbling block.

Mr. Nitu Konwar (2015)³, This paper is prepared on income and saving habits of street vendors in Jorhat town. The study is also covering the accessibility of financial services by street vendors in the study area. In the present monetary economy, money is an important means of acquiring the resources for production. On the base of money, a financial system is developed in all the countries of the world, although the phases of development varies. Though money lenders stand as a easy source of capital because of less formalities and easy accessibility, the possibility for bringing them difficulty in future is more. They may be push into debt trap as money lenders charge higher interest rates. Most of the street vendors in the above study found to have no bank account and they are functionally inaccessible to different financial services provided by banks and other financial institution

Dr. M. N. Mohamed Abusali Sheik and M. Sareswathy (2016)⁴, A street vendor means a person selling of goods or rendering invaluable services on the street at an affordable cost to the consumers at their convenient places. In modern world street vendors playing a pivotal role in satisfying the consumer's day to day requirements. Consumers are dependent on them. Earlier, men only take part in the business but nowadays women are equal to men so they also take part in it and also facing lots of problem than men. Street vendors also act as hawkers, peddlers, etc. street vendors sell items produced by home based and small scale industries. Street vendors don't contribute only significantly to the economy, but more than half the urban population is dependent on them.

CHAPTER III PROFILE OF THE STUDY

3.1 DIGITAL FINANCIAL INCLUSION

Digital financial inclusion refers to the accessibility and availability of financial services and products enabled by digital technologies, particularly among underserved and marginalized populations. It encompasses a wide range of digital tools and platforms that facilitate financial transactions, savings, payments, credit, and insurance services, among others.

Digital financial inclusion plays a crucial role in promoting economic empowerment, poverty reduction, and sustainable development by broadening access to financial services, promoting entrepreneurship, and facilitating financial resilience among vulnerable populations. However, challenges such as limited internet connectivity, inadequate digital literacy, and regulatory barriers remain obstacles to achieving universal digital financial inclusion. Efforts to address these challenges through partnerships between governments, financial institutions, technology providers, and civil society organizations are essential for realizing the full potential of digital financial inclusion in promoting inclusive growth and financial well-being for all.

3.2 COMPONENTS OF DIGITAL FINANCIAL INCLUSION

Digital financial inclusion encompasses various components aimed at providing access to financial services through digital means, especially for underserved populations.

Key components of digital financial inclusion include:

Mobile Banking: Mobile banking allows individuals to access banking services such as account management, transfers, and payments using mobile devices. This is particularly impactful in regions with limited physical bank infrastructure.

Digital Payment Systems: Digital payment systems, including mobile wallets, peer-to-peer payment apps, and online payment gateways, enable individuals to conduct transactions electronically, reducing reliance on cash and expanding access to financial services.

Agent Banking: Agent banking networks utilize local businesses and individuals as intermediaries to provide basic banking services in underserved areas. Agents equipped with mobile devices facilitate cash deposits, withdrawals, and other transactions on behalf of financial institutions.

Digital Credit: Digital credit platforms leverage alternative data sources and algorithms to assess creditworthiness and provide loans to individuals who may have limited or no credit history. These platforms offer quick and convenient access to credit, particularly for small-scale entrepreneurs and individuals in rural areas.

Financial Literacy and Education: Digital financial inclusion initiatives often incorporate financial literacy and education programs to empower individuals with the knowledge and skills necessary to make

informed financial decisions, manage their finances effectively, and utilize digital financial services safely.

Regulatory Frameworks and Infrastructure: Effective regulatory frameworks and supportive infrastructure, including secure digital identification systems and robust cybersecurity measures, are essential for fostering trust, stability, and consumer protection in digital financial ecosystems.

3.3 STREET VENDORS

Street vendors are individuals who sell goods or services in public spaces such as sidewalks, streets, and markets. They play a significant role in urban economies by providing convenient access to a wide range of products and services to local communities. Street vendors operate in various sectors, including food, clothing, electronics, crafts, and more.

Here are some key aspects of street vendors:

- 1. Informal Economy:** Street vending often falls within the informal economy, where vendors may operate without formal business licenses or legal recognition. This informality can lead to challenges such as lack of access to financial services, limited legal protections, and vulnerability to harassment or eviction.
- 2. Entrepreneurship:** Many street vendors are entrepreneurs who start their businesses with limited capital and resources. They demonstrate creativity, resourcefulness, and resilience in adapting to changing market conditions and customer preferences.
- 3. Livelihoods:** Street vending provides livelihoods for millions of people worldwide, particularly in urban areas where formal employment opportunities may be scarce. It offers flexible working hours and low barriers to entry, making it accessible to marginalized populations, including migrants, women, and youth.
- 4. Social and Cultural Significance:** Street vendors contribute to the vibrancy and diversity of urban environments by offering unique products, ethnic cuisines, and cultural experiences. They often play a vital role in preserving traditional crafts, culinary traditions, and community ties.

3.4 DIGITAL FINANCIAL INCLUSION AMONG STREET VENDORS

Digital financial inclusion among street vendors involves implementing tailored strategies to enable these entrepreneurs to access and benefit from digital financial services. Here's how it can be achieved

- 1. Mobile Payment Solutions:** Introduce mobile payment solutions that are easy to use and accessible to street vendors. This could involve deploying mobile point-of-sale (POS) devices or utilizing mobile apps that enable vendors to accept payments directly from customers' smartphones.
- 2. Agent Banking:** Establish agent banking networks in areas frequented by street vendors. Agents can provide cash-in/cash-out services, facilitate digital transactions, and offer basic banking services on behalf of financial institutions.
- 3. Digital Wallets:** Promote the use of digital wallets among street vendors, allowing them to securely store and manage their earnings, make digital payments, and access a range of financial services through their mobile phones.
- 4. Microfinance and Microloans:** Collaborate with microfinance institutions to design and offer microloans tailored to the needs of street vendors. Digital lending platforms can streamline the loan application process and provide vendors with access to credit for business expansion or working capital.

DATA ANALYSIS AND INTERPRETATION

The data collected from the samples have systematically applied and presented in tables under various headings in the following pages. They were also arranged in such a way that a detailed analysis can be made so as to present suitable interpretations for the same. The statistical tools namely simple percentage analysis, Likert scale and rank correlation analysis and interpretation of data.

SIMPLE PERCENTAGE ANALYSIS

Percentage analysis is the method to represent raw streams of data as a percentage for better understanding of collected data. Percentage analysis is applied to create a contingency table from the frequency distribution and represent the collected data for better understanding. It is particularly a useful method of expressing the relative frequency of survey responses and other data. It refers to a special kind of rates, percentage are used in making comparison between two or more series of data. A percentage is used to determine relationship between the series.

CHAPTER IV FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

PERCENTAGE ANALYSIS

- 59% of the respondents are Male.
- 45% of the respondents belong to the age group of 19 years - 25 years.
- 33% of the respondents are illiterate.
- 51% of the respondents are the unmarried.
- 80% of the respondents belong to nuclear family.
- 56% of the respondent's family includes 3 members.
- 44% of the respondents belong to Semi-urban area.
- 48% of the respondents have been as street vendor for 1-3 years.
- 66% of the respondents work 4-8 hours in a day.
- 52% of the respondents work during Day shift.
- 28% the respondents invest through Money Lenders.
- 72% of the respondents have their Bank Accounts.
- 61% of the Respondents have mobile phone.
- 85% of the respondents use digital payment method for their transactions.
- 47% of the respondents use QR code payments as a digital payment method.
- 44% of the respondents came to know about the government schemes through socialmedia.
- 89% of the respondents know about the eligibility criteria for availing benefits underthe scheme.
- 42% of the respondents save their money weekly from their earnings.
- 47% of the respondents feel neutral with their current financial status as a street vendor.

RANK CORRELATION

- The respondents ranked 1 for Offer a viable livelihood as a Reason for opting street vending as a primary occupation.
- The respondents ranked 1 for the Street Vendor's AtmaNirbhar Nidhi (SVANidhi)Scheme.

5.2 SUGGESTIONS

- Adequate financial support should be provided to the vendors by the authorities to overcome the adverse impact of digital financial inclusion.
- Since financial instability is one of their major constraints, credit facilities and basic knowledge about financial activities to be made available to the vendors.
- The banks need to conduct skill development programs. Training programs, organize workshops for the uneducated poor as how to utilize the available fund in a proper way without wastage.
- Scheme like regular health check-up or health care and pension should also be extended to vendors.

5.3 CONCLUSION

Based on the study, it is essential to provide the required support to the street vendors to sustain their business and to reduce unemployment in the economy. The majority of the respondents are engaged in the business of street vending because of the low investment requirements and for the reason which offer a viable livelihood. Most of the families of street vendors are dependent on only one source of income which is still not enough for them to lead stable live style due to various constraints rising in the society. Major constraints in street vending were fear of eviction by municipality officials, lack of hygienic storage facilities, lack of permanent space for vending, price fluctuation, finance, competition from other street vendors, organized retail sector and facing the adverse weather conditions. Hence there is a need to provide legal status to the street vendors to enable them to carry on their business without fear of eviction.