

Digital Payment Transformation: UPI Adoption and Corporate Governance among Street Vendors in Mahabubnagar

N. Narender
Research Scholar,
Department of Business Management,
Mahatma Gandhi University, Nalgonda

Dr. A. Pravallika
Assistant Professor,
Department of Business Management,
Mahatma Gandhi University, Nalgonda

Abstract

With the speedy expansion of digital payments in India, street vendors have emerged as a crucial segment adopting Unified Payments Interface (UPI) transactions. This research explores the perspectives of street vendors in Mahabubnagar, Telangana, regarding the adoption, benefits, and challenges of UPI payments. The study also examines the role of corporate governance in ensuring a secure, transparent, and inclusive digital payment ecosystem. Through qualitative and quantitative analysis, the findings highlight key factors influencing vendor adoption, including ease of transactions, financial literacy, cybersecurity concerns, and trust in digital platforms. In addition to , the research underscores the importance of regulatory frameworks and corporate governance practices in fostering trust, mitigating risks, and ensuring compliance within the digital payments sector. The insights derived contribute to understanding the intersection of financial inclusion, governance, and technology adoption among Street Vendors businesses in emerging markets.

Key Words: UPI Payments, corporate governance, Street Vendors, UPI Adoption

Date of Submission: 06-06-2026

Date of Acceptance: 17-06-2026

I. Introduction:

In India's cities, street vending is an integral part of the unorganized sector, especially in developing nations where it is a common phenomenon. In the unconventional sector of urban self-employment, street vendors are essential and make a considerable contribution to the local economy. From fresh produce and prepared foods to clothing Materials, handicrafts, building supplies, and even consumer electronics, they offer easy access to variety of products and services in public areas. They also furnish obligatory services like haircuts and auto maintenance. Street vendors are needed to the delivery of reasonably priced goods and services since they initially serve middle-class and urban poor clients. Due to its low skill requirements and low startup costs, street vending has become an important source of income for many people undergoing financial difficulties in recent years. In addition to creating jobs, synchronic street selling hoists the urban economy by bringing in more money and value.

In latest years, India's digital payment ecosystem has developed at an unprecedented rate thanks to government efforts, increasing smartphone usage, and technology breakthroughs. The Unified Payments Interface (UPI), which gives smooth, real-time transactions at low cost, has become a game-changer among the many payment systems. Although formal enterprises and urban customers were the first to accept digital payments, the informal sector has now also adopted them, especially street sellers who contribute significantly to the urban economy. Digital payment options are being incorporated into the operations of street sellers, who formerly relied on cash transactions. The desire for financial security, transaction simplicity, and consumer preferences are some of the causes influencing this change. But even with its benefits, there are drawbacks to street vendors using UPI payments. Extensive spread adoption may be hampered by problems like poor financial literacy, cybersecurity worries, mistrust of digital platforms, and infrastructure limitations.

A secure, transparent, and inclusive digital payment environment is also ensured by regulatory frameworks and corporate governance. As a result of efficient governance mechanisms, it is possible to achieve financial inclusion, a reduction in the risk of fraud, and vendor trust in digital transactions. Legislators, banks, and digital payment companies must understand street sellers' perspectives and experiences in relation to the implementation of UPI in this specific setting.

The purpose of this study is to look into the benefits, challenges, and adoption of UPI transactions by street vendors in Mahbubnagar, Telangana. It seeks to ascertain the primary drivers behind the deployment of digital payments and assess the broader consequences of governance in the financial technology sector. This study

will contribute to the ongoing conversation about financial inclusion, digital transformation, and sustainable economic growth in developing countries.

II. REVIEW OF LITERATURE:

A review of various studies on street vendors' perceptions of digital payments has been summarized below.

K. Ratnesh and A. Goel, in their study titled “Economic Sustainability of Digital Business Processes as a Medium of Incremental Revenue for Fixed Food Hawkers/Vendors in Meerut City,” conducted a survey of street food vendors in Meerut. The results show that vendors, irrespective of their level of education, understand the importance of implementing digital procedures in their companies. One significant advantage of digitalization is its ability to increase revenue and broaden the client base. The research also emphasizes that digitalization should go beyond simply taking digital payments and include activities like customer relationship management and product distribution via digital means.

S. Bhattacharya, D. Sen, and B. K. Sachdev, in their study, highlight the role of street vendors in India and the impact of COVID-19 on them. With around 10 million street vendors, initially in metro cities, the Street Vendors Act, 2014, grants them legal rights. However, issues persist, as seen in Mumbai, where only 15,000 of 2.5 lakh vendors hold licenses, making others vulnerable to exploitation. The PMSVANidhi scheme supports vendors by providing financial aid and promoting digital transactions, encouraging digital payment adoption.

A. P. Singh, in the study “Vendors on the Streets: Their Situation and Issues (With Special Reference to Lucknow District, Uttar Pradesh),” examines the barriers faced by street vendors in Lucknow. Many vendors are unaware of government schemes designed for their support and have yet to adopt digital payment methods. The study highlights various difficulties urban street vendors encounter, including financial constraints, lack of storage space, and the absence of a fixed location, all of which impact their livelihoods.

R. V. Suresh, R. Kumar, and S. Rajitha Kumar, in their study “Entrepreneurship, Digitization, and Poverty Alleviation: Exploring the Scope of the Informal Economy,” examine the role of digitalization in reducing poverty among street vendors. The study highlights that street vending offers flexible entry and exit, minimal educational requirements, and fewer socio-cultural restrictions, making it a viable livelihood option for economically weaker sections. Additionally, it requires lower financial investment compared to businesses in the formal sector.

Mr. Sunil Bhatia conducted research and analysis on the effects of NPCI's UPI (Unified Payments Interface) on Indian small businesses and came to the conclusion that the launch of these digital payment methods under Modi's administration is pushing the nation toward a cashless economy. The study, which is based on surveys given to 60 Delhi vendors, emphasizes the advantages of small businesses using UPI.

Prasad, S., et al, in the *Journal of Technology and Social Change*, examined the elements impacting India's street vendors' use of digital payment applications. According to the study, vendors place a high value on cost and convenience, and adoption is greatly influenced by digital literacy. While privacy and security were not significant concerns, social influence unexpectedly acted as a barrier to adoption.

III. OBJECTIVE OF THE STUDY:

1. To assess the role of corporate governance in ensuring a secure, transparent, and inclusive digital payment ecosystem for street vendors
2. To examine the challenges faced by street vendors in Mahbubnagar in adopting UPI transactions

IV. RESEARCH METHODOLOGY:

The present study is an empirical investigation into street vendors' awareness and Adoption of UPI payment options. The investigation was carried out using a standardized questionnaire distributed to street Vendors. In this study, we employed a structured questionnaire to obtain primary data. The research publications that are included in the references are examples of Secondary data utilized for literature reviews.

SAMPLE DESIGN

1. Sample Size: The study was conducted among 100 respondents, selected using a purposive and convenience sampling approach.

2. Coverage: The study is focused on street vendors.

3. Sampling Technique: Although simple random sampling from probability sampling was intended, respondents were actually chosen based on convenience and researcher's discretion.

DATA ANALYSIS TECHNIQUES:

Data analysis was conducted using **graphs, Descriptive statistics and Chi-Square Test**, processed through **MS Excel and SPSS** to derive meaningful insights.

Limitations of the Study:

1. The study is limited to a selected group of street vendors.
2. The study is restricted to Mahbubnagar District, Telangana State, India

Analytical Perspective: Corporate Governance as the Keystone for Street Vendors' Digital Financial Inclusion

India's rapid digital payment adoption presents both opportunities and challenges for its 50+ million street vendors. Recent government reports reveal how robust corporate governance in financial institutions and fintech companies can create a payment ecosystem that is simultaneously **secure, transparent, and inclusive** for these vital yet vulnerable entrepreneurs.

The **RBI's 2023-24 payment security framework** demonstrates governance in action through mandatory two-factor authentication, tokenization, and real-time fraud monitoring - critical protections for vendors facing rising UPI scams. Meanwhile, the **PM SVANidhi scheme's governance model** has successfully digitized millions of vendors by eliminating transaction fees and simplifying Aadhaar-based payments. NITI Aayog's latest financial inclusion blueprint goes further, advocating for **corporate social responsibility (CSR)-funded digital literacy programs** and ethical AI use in lending to prevent vendor exploitation.

However, governance gaps remain. While **BharatNet expands rural connectivity**, many vendors still lack trust in digital payments due to complex interfaces and hidden charges - issues that SEBI's new transparency rules aim to address. The forthcoming **Digital Personal Data Protection Act (2023)** will further strengthen vendor rights by regulating how fintechs handle transaction data.

For India to truly democratize digital payments, corporate governance must evolve beyond compliance to active empowerment. This means **banks and fintechs co-designing vendor-friendly interfaces**, implementing **regional language support in payment apps**, and establishing **quick grievance redressal channels** specifically for small merchants. When governance frameworks prioritize both security and accessibility, street vendors won't just participate in India's digital economy - they'll thrive in it.

Hypothesis Statement

A hypothesis statement is a clear, specific, and testable proposition or prediction about the relationship between two or more variables. It serves as the foundation for research, guiding data collection and analysis.

- **Null Hypothesis (H₀):** There is no significant association between the awareness of digital payments and the level of education.
- **Alternative Hypothesis (H₁):** There is a significant association between the awareness of digital payments and the level of education.

Chi-Square Test Significant Association Analysis

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	35.514 ^a	16	.003
Likelihood Ratio	42.703	16	.000
Linear-by-Linear Association	1.069	1	.301
N of Valid Cases	100		

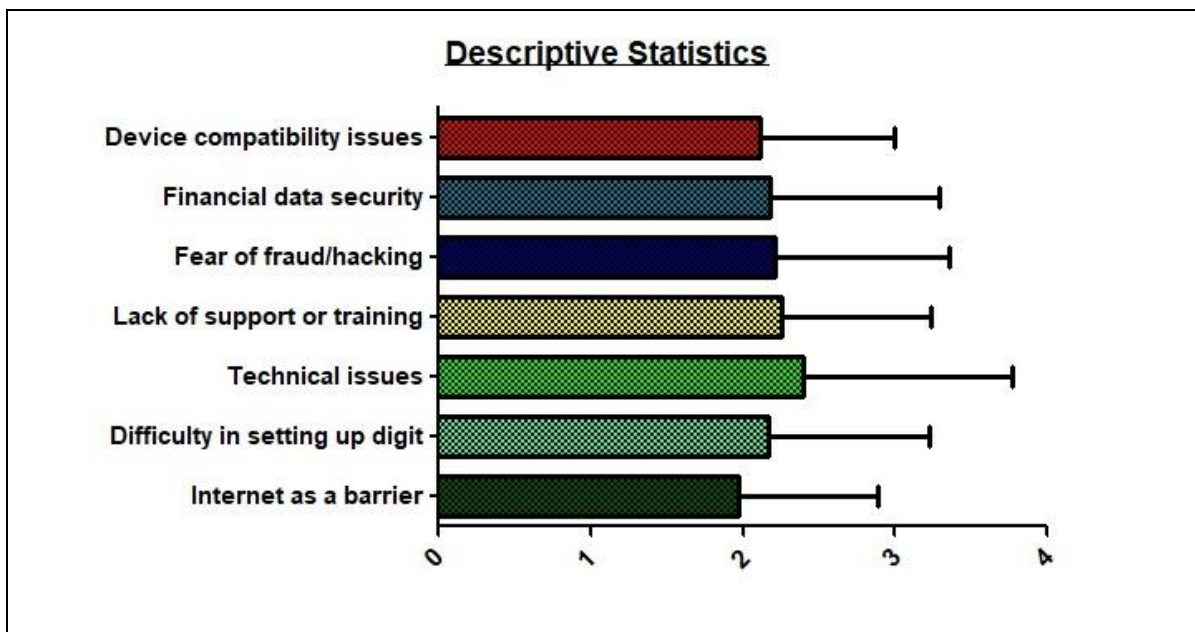
The chi-square test results furnish evidence to reject the null hypothesis (H₀) and support the alternative hypothesis (H₁), indicating a statistically significant relationship between awareness of digital payments and the education level. Both the Pearson Chi-Square ($\chi^2 = 35.514, p = .003$) and Likelihood Ratio ($\chi^2 = 42.703, p < .001$) tests show significant p-values ($p < 0.05$), suggesting that the distribution of digital payment awareness varies across different Levels of education. This means that individuals with higher or differing education level are more or less likely to be aware of digital payment methods compared to others. However, the non-significant Linear-by-Linear Association test ($p = .301$) implies that this relationship is not strictly linear—meaning the increase in awareness does not consistently rise or fall in a straight-line pattern with education level. Thus, education influences digital payment awareness, but the relationship may involve more complex, categorical differences rather than a simple proportional trend

Descriptive statistics

Descriptive statistics is a branch of statistics that summarizes and organizes data to make it interpretable, focusing on measures of central tendency (mean, median, mode), dispersion (range, variance, standard deviation, coefficient of variation), and distribution shape (skewness, kurtosis). The mean represents the arithmetic average but is sensitive to outliers, while the median identifies the middle value and is robust to extremes, and the mode reflects the most frequent observation. Measures of dispersion, such as variance and standard deviation, quantify data variability, with the coefficient of variation enabling cross-dataset comparisons. Skewness indicates

asymmetry in data distribution (positive, negative, or symmetric), and kurtosis describes peakness (leptokurtic, mesokurtic, platykurtic). Graphical tools like histograms, box plots, bar charts, pie charts, and scatterplots visually represent data patterns, trends, and outliers. These methods provide a concise data overview, support decision-making, reveal underlying structures, and prepare data for advanced analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	S. D
Lack of smartphone/internet as a barrier	100	1	5	2.89	1.053
Difficulty in setting up digital payments	100	1	5	3.23	1.109
Technical issues (network failures, payment errors)	100	1	5	3.77	1.033
Lack of support or training	100	1	5	3.24	1.280
Fear of fraud/hacking	100	1	5	3.36	1.059
Concerns about financial data security	100	1	5	3.29	1.076
Device compatibility issues	100	1	5	3.00	1.223
Valid N (listwise)	100				



Analysis of Key Barriers to Digital Payment Adoption Among Street Vendors.

The descriptive statistics table presents data from 100 respondents assessing eight barriers to digital payments on a 1-5 scale. Among these, technical issues (network failures, payment errors) emerged as the most significant barrier, with the highest mean (3.77) and relatively low variability (SD=1.033). Fear of fraud/hacking (mean=3.36). while lack of smartphone/internet access had the lowest mean (2.89), suggesting it is perceived as less critical. Variability was highest for lack of support/training (SD=1.280), indicating greater disagreement among respondents on its impact. Moderate-to-high means (3.00–3.77) across all barriers suggest widespread challenges, with technical issues, security fears, and financial costs (fees, fraud) being the most pressing. Device compatibility issues (mean=3.00) and financial data security concerns (mean=3.29) further highlight infrastructural and trust-related hurdles in adopting digital payments.

V. Conclusion:

To enable street vendors' seamless adoption of digital payments, a multi-pronged approach is essential—improving technical reliability through enhanced infrastructure and stable systems, strengthening security via user education and robust protocols and providing accessible training and support for smooth onboarding and operation. These coordinated measures, underpinned by strong governance and public-private collaboration, will build trust, affordability, and ease of use, ultimately driving inclusive digital financial inclusion for street vendors.

References

[1]. I.. K. Ratnesh and A. Goel, “Economic sustainability of digital business processes as a medium of incremental revenue for fixed food hawkers/vendors in Meerut city,” 2021.
 [2]. S. Bhattacharya, D. Sen, and B. K. Sachdev, “A Study on the Role Played by Street Vendors in Our Daily Life and Impact of the COVID 19 on the Street Vendors.

- [3]. A. P. Singh, "Vendors on the Streets: Their Situation and Issues (With Special Reference of Lucknow District, Uttar Pradesh).
- [4]. R. v Suresh, R. Kumar, S. Rajitha Kumar, and P. D. Scholar, "Entrepreneurship, digitization and poverty alleviation: exploring the scope of informal economy.
- [5]. Mr Sunil Bhatia, D. S. (2022). A study of the general perception of small shop vendors for digital payment methods in India.
- [6]. Prasad, S., et al. (2023). Factors influencing street vendors' adoption of digital payment apps in India. *Journal of Technology and Social Change*.
- [7]. National Association of Street Vendors of India – NASVI. (2014). Retrieved from <http://nasvinet.org/newsite/category/about-us/>
- [8]. "Corporate Governance in the Digital Age: Key Trends and Insights" – *Journal of Corporate Governance*.