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The penetration and impact of digital payments on the business performance of Informal sector enterprises in Bangalore

Abstract

This study examined the influence of digital payment adoption on business performance and the economic welfare of the informal sector. This research used the Unified Theory of Acceptance and Use of Technology (UTAUT) to examine the adoption of digital payments and utilized the Balanced Scorecard (BSC) framework to assess business performance. This quantitative study gathered data from 384 respondents through an offline survey. The data collected was analysed utilizing Partial Least Squares Structural Equation Modeling (PLS-SEM). The research indicated that the implementation of digital payments significantly impacted business performance and the economic welfare of the informal sector. In conclusion, the adoption of digital payments in Bangalore's informal sector has seen a transformative impact, improving business performance in various dimensions. However, achieving full integration requires addressing infrastructural and educational barriers. The outcome of this study helps Fintech companies and policymakers to develop strategies to overcome the issues and challenges and to promote the adoption of digital platforms among informal sector enterprises.

Keywords: informal sector; digital payment; business performance; economic well-being

1. Introduction

Digital payments have been given the highest priority by the Government of India. Moreover, the digital payment revolution has been fuelled by internet penetration, smartphone usage, and low-cost internet in addition to government efforts (Ravikumar, Prakash, 2022). The digital payment transactions increased significantly from Rs 2071 crore in 2017 - 18 to Rs 11660 crore by the end of 2023 (PIB, Delhi, 2023). The Internet and Mobile Association of India report indicates that the number of Internet users in India reached 800 million in 2023, with projections suggesting an increase to 900 million by 2025, likely facilitating greater adoption of digital payments in the country. Digital payments in India are estimated to grow tremendously since, 1.4 million unbanked households can be added newly in the financial system via mobile phones. Subsequently, there has been a increase in the number of firms offering mobile based solutions (Madan, Yadav, 2016). The Ministry of Labour and Employment report (2021) indicated that the majority of the Indian workforce, approximately 90% are categorized as part of the informal sector, constituting half of the national product (i.e. 50%) (Dutta et al, 2023). This informal sector accounts for nearly 30–40% of the share, 99% of establishments, and 80% of Jobs and workforce participation within the Indian economy, and its contribution is about half of the gross domestic

product (GDP), according to the National Commission for Enterprises in the Unorganised Sector (NCEUS). Since the informal sector offers an alternate income during recessions and periods of high unemployment, the relative appeal of the informal vs. formal sector may vary depending on the business cycle. Parallelly, the DPS have been evolving in the developing economies (Jacolin et al., 2019). DPS usage in e-commerce transactions is considered a strategic payment alternative in several developing nations to achieve a sustainable competitive advantage (Yang et al, 2021). The COVID-19 pandemic has accelerated the adoption rate exponentially due to the isolation and mobility restrictions, leading many informal MSMEs to accelerate digitalisation. The digital payment method has many great and valuable features and benefits. Improving the Digital infrastructure is a comprehensive factor influencing adoption and the primary challenges associated with it (Alduais et al., 2022). The study conducted by Sarmah (2021) revealed that there was a significant correlation between perceived ease of use and the Behavioural Intention (BI) towards mobile wallets, which implied that the banks and fintech companies has to ensure the safety and privacy.

The informal sectors have perceived the technology as a challenge rather than a supporting system, as they lack literacy on DPs. To thrive, informal retailers use of DPS and enable them to bring under Financial Inclusion and facilitate attaining well-being (Seethamraju, Diatha, 2018). In India, street vendors are well-known for providing reasonably priced goods and services right to their clients' doorsteps, making them a key contributor to the informal sector. To promote digitalisation in the unorganised sector, it is crucial to comprehend the mechanisms underlying technology adoption (Prasad et al., 2023).

Several studies have revealed that digital payment adoption increases business performance (Hassan, 2023; Nyaga and Okonga, 2014; Mararo and Ngahu, 2017). These study findings are the foundation for the development of policies to facilitate the adoption and utilisation of Digital Payment Services (DPS).

The marginalised sector, comprising micro-scale, unregistered, and especially cash-based enterprises, is essential to urban economies such as Bangalore. The way informal businesses operate is changing significantly as a result of the growing use of Digital Payments (DP) in India, which is driven by government programs like Digital India(DI) and Pradhan Mantri Jan Dhan Yojana(PMJDY). Informal businesses are increasingly adopting cashless transaction methods like mobile wallets, UPI (Unified Payments Interface), QR payments and other electronic transaction methods. This transformation has brought in effect on business performance in terms of growth in revenue, performance efficiency and accessing financial services.

According to the RBI report, there is an evident change in the adoption rate, which has grown by 50% due to the demonetisation declared in the year 2016, reducing the need for cash transactions and proliferating the need for digital payments (Fouillet, 2021). Urban areas are witnessing a growing number of informal businesses, such as street vendors, small retail stores, and service providers, that have incorporated DP into their operations. In India, Bangalore has been ranked 2nd in terms of the number of street vendors, following Delhi, for its support of street vendors under the Prime Minister Scheme (SVANidhi) program, which was implemented by the Union Government (The Hindu Bureau, 2024).

This study aims to explore the obstacles that informal sectors, such as street vendors, encounter in the adoption of digital technologies in an emerging country like India, using the UTAUT model (Venkatesh et al, 2012). The four primary indicators of UTAUT—performance and effort expectations, Societal impact, enabling conditions, and behavioural intention— shape the willingness to adopt technology. The business performance of street vendors is analysed in this research using a balanced scorecard to evaluate the impact of the adoption of digital payment. The balanced scorecard was employed to identify the value drivers that contribute to long-term financial and competitive success. (Kaplan & Norton, 1996b). This encompasses 4 perspectives: the learning perspective, growth perspective, fiscal perspective and internal business perspective. The literature that explains the informal sector's adoption of digital payments is presented in part 2 of this study, while section 3 describes the study's theoretical framework and research methods. This is succeeded by the data analysis and review of outcomes in part 4.

2. Literature Review

The proportion of the agricultural workforce has decreased as the informal sector has expanded, according to ILO estimates. Informal enterprises act as incubators for micro, small, and medium enterprises, providing platforms for diverse start-ups that drive entrepreneurial growth in India (Shekar, Nataraj, 2022). Due to a lack of access to financial constraints, firms' transition to the informal sector is high in India. These firms are household units, which are survivalist, with limited prospects for growth (Gang et al, 2022). The majority of employment in India is informal, with 90 percent of the workforce employed in informal enterprises in urban areas (Govindan, Vanek, 2020). The government of India in 2016 demonetized 80% of its currency notes. This monetary measure had a huge impact on the informal economy, which was heavily dependent on cash transactions for their business. This move has greatly transformed various sectors of the economy in India to strategic digital transformation (Surie, 2020). The use of digital payment technology has been fuelled by the notable transformation in the Indian financial sector, which has acted as a catalyst for digital economies and helped to meet the Sustainable Development

Goals. (SDGs)(Kaur, Devi, 2023). As there was rapid surge in the adoption rate of digital payments by 148% during 2017 to 2022, necessitate the demand to create required digital infrastructure to support and facilitate the usage of the online payment system (Pal et al, 2018). The Reserve Bank of India has declared 2010–2020 as the digital payments decade. Further, two temporary shocks, namely the demonetisation (2016-17) and the COVID-19 pandemic (2020), are expected to have proliferated the digital payments adoption in India. This digital revolution has considerably reshaped the landscape of business operations. Many studies suggested that SMEs adopting DPs witness a higher average revenue growth rate than their non-digital counterparts. However, the adoption rate varies significantly across regions and sectors due to variations in digital literacy maturity and readiness to use (Mustag, 2023). In 2021, Sulistyaniagsih and Hanggraeni conducted a study that exhibited the utilisation of DPS to enhance the operational efficiency, sales, profits, and cost management of micro, small, and medium-sized enterprises (MSMEs). The financial literacy and digitalisation of micro-entrepreneurs; digital payment adoption can catalyse the enhancement of business performance (Daud et al., 2021). Card-driven and application-driven digital technologies have a synergistic effect on the business growth of informal retailers, with a positive impact of 9.6% (Adhikary et al., 2021). According to Raj et al. (2023), the use of DPS is majorly influenced by factors such as income and experience. This implies that those with higher income levels and more experience are more inclined to use these systems. Sharma (2022) emphasises the critical role that street vendors play in the metropolitan economy by providing essential goods and services to both the middle class and the urban poor, as the perceived usefulness of mobile wallets significantly influences street vendors positively, and the anticipated risk of using them has a adverse impact. Bangalore, the third largest city in India by population, with a wide variety of cultures, economies, and lifestyles, 74% of its population can be characterised as working in the informal sector. Bangalore, as a technology hub, has a greater percentage of digital payment adoption than other cities in India. The city's infrastructure, access to mobile networks, and relatively high literacy rates have expedited the implementation of digital payment methods.

Many studies have focused on informal sector enterprises' digital payment adoption. However, studies analysing the factors that prompted informal sector enterprises to adopt digital payments, the challenges they faced, how they overcame digital payment use, and their influence on the business performance of informal sector enterprises are limited. Therefore, this study intended to provide useful information to planners and policymakers to help develop appropriate strategies aimed at improving the status of informal sector enterprises under the purview of Digital India. The investigation seeks to assess the impact of the adoption of digital payments on the business

performance and economic well-being of informal sector enterprises, including street vendors in Bangalore city. It also provides recommendations to promote the use of digital payments within India's unorganised/informal sector.

3. Theoretical Background

This study looks at how businesses in the unorganised sector are adopting digital payment methods. Digital payments, characterised by transactions involving digital methods for both payer and payee, have significantly transformed perspectives in India's economic landscape. Consequently, understanding their adoption is important. The analysis of digital payment system adoption is undertaken by applying the Unified Theory of Acceptance and Use of Technology (UTAUT) model, and their impact on business performance is evaluated using the Balanced Scorecard (BSC) framework in the research.

3.1 Unified Theory of Acceptance and Use of Technology (UTAUT)

Amongst the most commonly addressed research subjects is the uptake of digital and information technology. Venkatesh et al. (2003) synthesised a behavioural intention model for technology acceptance by examining eight previous models and theories. These models include (1) TRA (Ajzen, Fishbein (1975)), (2) TAM (Davis et al., 1989; Venkatesh and Davis, 2000), and (3) MM (Davis et al., 1992) (4) TPB (Ajzen, 1991); (5) Combined TAM-TPB (Taylor and Todd, 1995); (6) MPCU (Thomson et al., 1995); (7) IDT (Rogers, 1995); (8) SCT (Bandura, 1986); After conducting a comprehensive examination of prior research on technology acceptance models, the UTAUT model (Venkatesh et al., 2003) is distinguished as a contemporary framework that encompasses four critical constructs: facilitating conditions (FC), performance expectancy (PE), effort expectancy (EE), and social influence (SI). This model presents a comprehensive view of some of the factors that behavioural intention (BI) in relation to the adoption of new technology. As critically reviewed, the Unified Theory of Acceptance and Use of Technology (UTAUT) "Offers an alternative theoretical framework for explaining the adoption and use of information technology (IT) and information systems (IS) innovations. (Dwivedi, 2019). Compared to other competing models, the UTAUT model is a more effective predictive tool for technology adoption. (Sivathanu, 2017). The literature has supported the UTAUT model application. Based on a sample of 419 unregistered businesses, Etim et al. (2023) employed the Self-Efficacy Theory (SET), UTAUT, and the Technology Readiness Index (TRI) as the conceptual framework for their investigation.

The UTAUT model is based in the theories of diffusion of innovation, planned behaviour, reasoned action, and technology acceptance, which provide a strong theoretical base for identifying the latent variables that serve as antecedents to behavioural intention(BI) and the ultimate adoption of technology (Bommer et al., 2022). Raj et al. (2023) discovered that UTAUT has a considerable capacity to elucidate behavioural intent to adopt Cashless Transactions (CLT). Nandru et al. (2023) evaluated the UTAUT model by interpreting the data collected from 320 street vendors who utilised the m-payment system with QR codes. They discovered that the model had a significant impact on street vendors' intentions to utilise QR payment services. Among the existing conceptual theories, research studies indicate that the UTAUT provides a lucid perspective on the behavioural intention to engage with technology (AI-Saedi, 2020). The prevailing studies (Wei et al., 2021; Manrai, Gupta, 2020; Imtiaz, 2018; Gunawan et al., 2019) have adopted the UTAUT model to analyse the uptake of DP. Abrahao et al. (2016) executed a study that endorses the implementation of the UTAUT model to illustrate the correlation between the use of digital payment And the elements that shape the behavioural intention to adopt technology among a collection of Brazilian mobile payment users. Various theoretical models have been developed in the research to examine user acceptance and adoption of new technology, each emphasizing distinct aspects and empirically tested in diverse contexts and countries. UTAUT model is more robust model to adopt the behavioural intention towards adopting new technology (Tak, Panwar, 2017). The uptake of digital payments by informal sector enterprises in Bengaluru city was determined by this study, which took into account the four UTAUT model constructs to measure the adoption of digital payment instead of behavioural intention.

3.2 Balanced Scorecard Approach and Business Performance

A strategic management and performance evaluation framework, the Balanced Scorecard (BSC) is advantageous to organisations of all sizes and types (Giannopoulos et al., 2013). Kaplan and Norton (1992) assert that the Balanced Scorecard (BSC) is an effective instrument that enables organisations to evaluate both financial and non-financial performance in a comprehensive manner regarding their overarching strategic objectives, regardless of their size. The success of the business strategy is the result of appraising business performance with respect to both financial and non-financial criteria, as determined by the cause-and-result relationship of BSC (Kaplan & Norton, 2001). The balanced scorecard has widely applied in the research studies; therefore, there are numerous normative and empirical studies of its implementation in the literature (Wongrassamee, 2003). To evaluate performance, BSC has applied four divergent perspectives: financial, customer, internal process, and the learning and growth perspective. These perspectives are interrelated by the organisation's strategic objectives. In comparison with

the prevailing methodologies, BSC is a relatively pioneering concept that encourages optimal performance practices and yields more effective outcomes for organisations (Rafiq et al., 2019). Many studies relied on the BSC method to obtain information about performance measurement practices and organisational performance (Davis, Albright, 2004). According to Asosheh et al. (2010), the BSC is a holistic performance assessment method that establishes causal links between financial metrics ("outcomes") and non-financial metrics ("drivers of performance"). Bhatiasevi and Naglis (2018) used four factors of Kaplan's Balanced Scorecard to measure the effect of business intelligence on firm performance in their study. In 2022, Panda and Sahoo discovered a robust correlation between the utilisation of digital payment systems and the performance of businesses. The research conducted by Irawan et al. (2020) proposed a bridging effect of BSC implementation towards the relationship between digital banking adoption and bank performance. Large corporations utilise performance measuring systems extensively, but small and medium-sized businesses are still not very familiar with them. It is noted that small businesses in the digital age should apply a performance measurement framework in decision-making processes and connect strategy with performance assessment, despite their constraints (Chalmeta et al., 2012). Phillips, and Louvers, (2005) used BSC to assess the performance of UK tourism, hospitality, and leisure in SMEs. After conducting a BSC analysis of the management accounting methods applied in a sample of 60 large and medium-sized manufacturing firms in India, Joshi (2001) contrasted the results to Chenhall and Smith's (1998) study. Applying the BSC model to SMEs can have a beneficial business impact on all aspects of the company's performance, assisting employees and management in meeting market demands and resolving issues with speed and ease (Dudic et al.,2020). According to the survey of 201 SMEs in Spain by Malagueño et al., (2018) found that BSC is a suitable tool to assess financial performance and presents improved levels of innovation.

4. Methodology

In this study, street vendors were considered informal sector entrepreneurs to collect the data in Bangalore, India. The survey was conducted between January and March 2024 using a structured questionnaire. Purposive sampling was implemented in this investigation because we selected respondents who are street vendors and have two years of experience utilising digital payment systems following specific criteria that were associated with the objectives of the investigation. The most suitable method was determined to be purposive sampling because the sample accurately reflects the target population (Prasad et al., 2023). The enumerators were instructed to assist the respondents in the collection of responses by narrating, interpreting, and translating the questions, thereby ensuring the accuracy of the translation. Bangalore, which is referred to

as the Silicon Valley of India, is a prominent metropolitan city in India. A diverse array of responses and a larger sample size of street vendors are sought to obtain valuable perceptions regarding the adoption of digital payments. These findings of the study can be applied to other Indian cities as well as other nations with comparable circumstances. Based on Krejcie Morgan's table (1970), a sample size of 384 informal sector entrepreneurs (street vendors) from various sectors, such as street retailers (fruits & vegetables, plastic product sellers, booksellers, etc.), street food vendors, street flower sellers, and street tender coconut sellers, etc., are considered.

Measurement Scale

A multidimensional assessment was implemented in this investigation to evaluate the adoption of digital payments. The assessment comprised four dimensions: Expectancy of performance, ease of effort, social influence, and supporting conditions. This study implemented UTAUT model scales to evaluate the aforementioned constructs (Venkatesh et al., 2003). In addition, we implemented metrics from the financial, customer, internal operations, and learning and development aspects of the Balanced Scorecard methodology to evaluate business performance (Kaplan and Norton, 1992). We ran a pilot study involving 50 samples to enhance the research instrument and ensure the validity and reliability of the survey items. The research tool's suitability for the sample population was verified through the pilot study, which enabled us to make the necessary modifications. A five-point Likert scale was applied to evaluate the latent variables that were considered in this research study, with one indicating "strongly disagree" and five indicating "strongly agree." A Likert scale offers five possible options for a statement or question that allows respondents to express the intensity of their thoughts about the statement (Saul McLeod, 2023). Considering the opinions of social science experts who have domain expertise, finalised the questionnaire. After, we commenced the final data collection. Lastly, our research method included a pilot test, an expert review, and the adaptation of prevailing scales to proliferate accuracy and consistency in the research instrument and the data collection methods.

4.1 Research framework and hypothesis

The survey underscored that consumers were discouraged from adopting digital payment systems due to a gap in digital literacy, language barriers, and a gap in knowledge about digital payments. A lack of security against fraud and cyberattacks, privacy concerns, safety and dependability issues, and other technical difficulties are the main causes of the decline in the use of digital payment technology. Customer security concerns and inadequate network connectivity were evident during cashless transactions (Khando et al., 2023). According to the preceding illustration, the subsequent hypothesis is proposed in the investigation.

Hypothesis 1(H1): Issues and challenges have a significant positive impact on the Adoption of digital payment

The integration of digital payment systems can boost business performance and contribute significantly to growth. It also helps to streamline operations and enhance financial management (Raju, 2023). Panda et al. (2022) reported that street vendors' business performance and the dimensions of digital payment knowledge are strongly correlated. In the same vein, Adhikary et al. (2021) discovered that economic performance is enhanced by the adoption of digital payment technologies. The dimensions of the Balanced Scorecard approach can serve as a measure of business performance. On the basis of preceding illustration, the subsequent hypothesis is formulated.

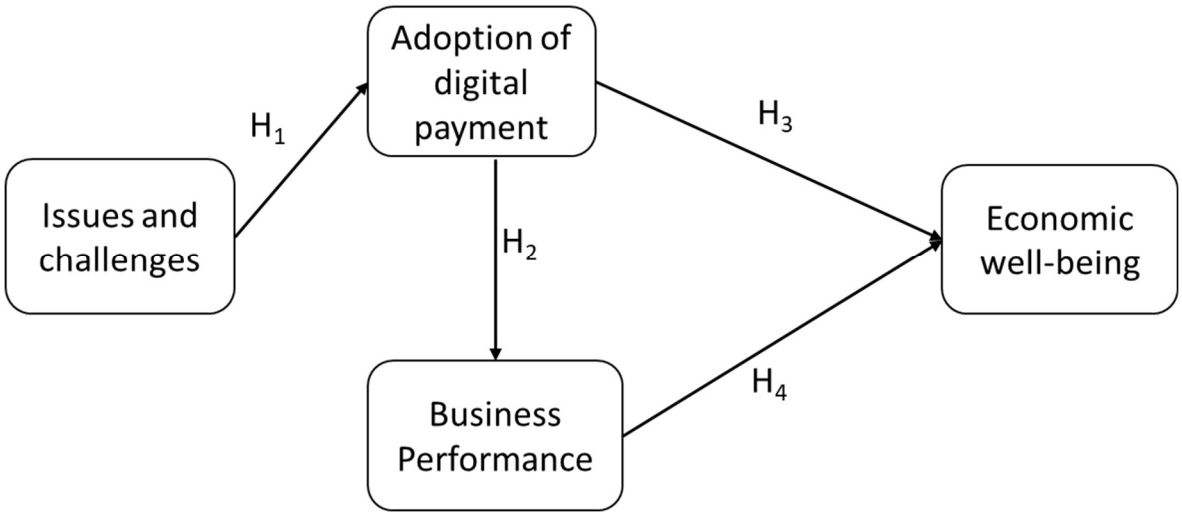
Hypothesis 2(H2). Adoption of Digital payment has a significant effect on business performance.

Economic well-being means when a person's basic needs for survival are satisfied and they have assets and income that will allow them to grow. Entrepreneurial success is ultimately enhanced by technological outcomes, such as digitalization, which contribute to a higher level of subjective well-being by providing a sense of achievement (Khan, Shahid, 2023). Recently, researchers have focused on entrepreneurs' economic well-being as a central concern, as it fulfills essential human needs that are crucial for promoting healthy human behaviors. Business performance improves the economic condition of microentrepreneurs through financial growth. Individual's better financial position allows them to engage in more rewarding activities that advance their well-being as they can fulfill their basic needs (Diener, 2000). Against this backdrop, the subsequent hypotheses are formulated.

Hypothesis 3(H3). Adoption of Digital payment has a significant effect on the Economic well-being of street vendors

Hypothesis 4(H4). Business performance has a significant effect on the economic well-being of street vendors

Figure 1: Hypothesized Proposed Model



Source: Author's research

5. Analysis and Results

5.1 Demographic analysis of respondents

The respondents' demographic profiles that were taken into account in this investigation are illustrated in Table 1. 67 percent of the respondents were male, while 33 percent were female. The 35–44 year age group represented the largest portion of respondents (36%), followed by 25–34 years old (35%), 45–54 years old (21%), and 18–24 years old (7%). Concerning education, most of the respondents possessed secondary-level education (40%), followed by primary-level education (34.6%). In terms of types of business, about 28% were running food stall businesses, followed by fruits and vegetables (16%) and provisions (16%). In total, 35% of the respondents were in their business for 1 to 3 years, followed by 32% for 4 to 7 years. The primary income bracket of the respondents was Rs 20000 to 30000 per month, with 23% reporting an income above Rs 40000 and 20% reporting an income between Rs 30000 and 40000.

Table 1: Demographic Profile of Respondents

Measure	Item	N	%
Gender	Male	259	67
	Female	125	33
Age group	18 – 24 years	28	7
	25 – 34 years	135	35
	35 – 44 years	139	36
	45 – 54 years	82	21
Education	No formal Education	55	14.3
	Primary level	133	34.6

	Secondary level	154	40
	Post-secondary level	42	11
Type of Business	Fruits and Vegetables	62	16
	Flowers	53	14
	Provisions	62	16
	Food stall	106	28
	Garments	30	8
	Others	71	19
Years in Business	2 to 3 years	156	40
	4 to 7 years	144	38
	8 years and above	84	22
Business Income per month	Rs 5000 – 10000	11	3
	Rs 10000 – 20000	73	19
	Rs 20000 – 30000	126	33
	Rs 30000 – 40000	85	22
	Above Rs 40000	89	23

Source: Author's findings

5.2 Path Analysis

We employed Partial Least Squares Structural Equation Modeling (PLS-SEM) with the SMARTPLS 4.0 software to investigate the impact of street vendors' adoption of digital payment systems on their economic well-being and business performance. The model effectively works on simple data too to accurately find the relationship among them, as highlighted by Goodhue et al. (2012). PLS-SEM provides flexibility on the data requirements, permitting the specification of intricate relations between the latent variables (Bahl et al., 2022). Akintimehin et al. (2019) have applied the regression tool to predict the dependent variable, which acted as a path model. Our structural model has been applied as per the guidelines of Hair et al. (2014), as the research model is reliable and statistically validated. To ensure the robustness of our findings, the bootstrap methodology was used to further improve the PLS method with a subsample size of 5000

5.3 Measurement Model

Factor Loadings, Reliability and Validity

According to Hair et al. (2019), factor loadings greater than 0.7 are treated to be reliable factors. The factor loadings of the factors are satisfied and greater than the threshold, as illustrated in Table 2. The table suggests that the items were significantly associated with their appropriate factors and appropriately loaded.

To guarantee the dependability of the constructs under the study, Composite Reliability (CR) and Cronbach's Alpha values were calculated. Following the standards established by Cronbach (1951) and Hair et al. (2019), constructs with Cronbach's alpha and CR values higher than 0.7 are considered to have acceptable reliability. The study results exhibited high reliability of the research constructs, as their Cronbach's Alpha and CR values exceeded the threshold, implying that the factors were satisfactory.

The Average Variance Extracted (AVE) was calculated for each factor to evaluate the construct validity(CV). The CV is considered satisfactory when the AVE exceeds 0.5, as per the terms of Hair et al. (2019). The CV of all factors was affirmed by the AVE calculations, which indicated satisfactory.

Table 2:

Latent factors	**Factor Loadings**	**VIF**	**Cronbach's alpha**	**Composite reliability**	**AVE**
Issue and Challenges					
Digital Literacy	0.886	1.401			
Privacy	0.760	1.984	0.790	0.932	0.681
Security	0.826	2.150			
Adoption of Digital payment					
EE	0.899	2.269			
FC	0.719	1.526	0.720	0.708	0.530
PE	0.722	1.639			
SI	0.521	1.282			
Business Performance					
CP	0.903	2.976			
FP	0.695	1.505	0.856	0.865	0.704

IBP	0.894	2.835			
ILP	0.847	2.426			
Economic well being					
Financial	0.859	1.822			
Personal	0.882	2.045	0.826	0.829	0.742
Social	0.844	1.816			

Consistent with the recommendations of (Fornell & Larcker,1981), a test was implemented to guarantee discriminant validity. In Table 3, the discriminant validity results are exhibited. The discriminant validity of the constructs of the study is adequately supported by these statistics, which are all less than the appropriate level of 0.90.

Table 3: Discriminant Validity

	I&C.	ADP.	BP.	EWP
I&C.	0.378.			
ADP	0.728.	0.839		
BP.	0.710.	0.417.	0.861	
EWB.	0.418.	0.138.	0.066.	0.825

The subsequent step is to test the proposed hypothesis after the credibility and dependability of the constructs have been established and thoroughly confirmed. To accomplish this, a structural model was implemented, which enabled a comprehensive analysis of the relationships between the variables.

Table 4: Constructs of the Path model

Hypothesis	Constructs	original sample	Sample mean	STDDEV	T Statistics	Remarks
H1	I&C → ADP.	0.372	0.381	0.081	4.665	Supported
H2	ADP → BP	0.710	0.711	0.028	24.903	Supported
H3	BP → EWB	0.243	0.241	0.070	3.459	Supported
H4	ADP → EWB	0.246	0.250	0.075	3.258	Supported

6. Discussion and Conclusion

This study indicates that informal sector entrepreneurs face various issues and challenges in digital payment adoption. The construct “Issues and challenges” significantly affects the digital payment adoption by informal sector entrepreneurs, as shown in Table 4. This finding corresponds with studies conducted previously (Utrevu et al., 2023). According to Prasad et al. (2023), the study iterates on digital infrastructure, privacy in transactions, trust and digital literacy as important to the use of DPS. To empirically evaluate this phenomenon, hypothesis (H1) was developed in this study.

Use of DPs helps users from marginalised groups to reap the benefits of DPS, and facilitates convenience and ease of making payments. This perspective led to hypothesis formulation (H2), which explains the substantial influence of DP on the business performance of informal sector businesses, as supported by Panda and Sahoo (2022) and Mustapha (2018).

Economic Well-Being(EWB) is measured through the quality of life from the financial, personal and social perspectives of an individual. The adoption of DP improves business performance, and informal sector entrepreneurs with better financial positions help to improve their EWB. Consequently, this study established hypotheses (H3& H4) and verified the significant influence on business performance and EWB of informal sector entrepreneurs. The use of DP has led a transformative change among the informal sectors in Bangalore, by improving business performance considering multiple dimensions. However, achieving full integration needs addressing digital infrastructural constraints and literacy barriers.

In India, there are 4.9 million vendors operating on the streets, forming a significant portion of the nation's informal workforce. As India focuses on the digital economy and electronic payments, the use of mobile payment applications is essential. However, many of the old-age entrepreneurs, often with limited literacy or no formal education, lack awareness on these modern applications. The digital divide remains a major challenge. To mitigate these flaws in DPS, fintech companies introduced an instant sound box to confirm electronic receipts. However, there exist challenges to safeguarding privacy and security in the transactions. But the study focuses on the larger benefits of DPS use on business growth and the EWB of the entrepreneurs.

7. Implications

The research study has identified many gaps in the existing literature through a systematic review of the literature. First, the study rigorously examines the range of issues and challenges faced by informal sector businesses in adopting DPS. Thus, the research essentially improves the theoretical models of the Balanced Scorecard (BSC) approach and the UTAUT model. This study

contributes a novel perception to the impact of usage of DPS on the marginalised vendors, small business owners and micro-entrepreneurs on the business growth and EWB of themselves, respectively.

Furthermore, the current research study bridges the gap in the digital divide between urban and rural areas and the usage of DPS. It fills the notable gap in the prevailing literature by contributing to the outcome of bringing in the required policies to create the necessary digital infrastructure, creating digital awareness among the informal sectors to ensure financial inclusion, improve business performance and economic well-being of the users.

The study results laid a fair foundation and recommendations for the government, banks and fintech companies to design their strategies which can help the unbanked, informal sector entrepreneurs to overcome the challenges in the adoption of DPS and impact on better business growth and EWB.

The present research study significantly contributes to the existing academic literature by bringing together the UTAUT model and the BSC approach to accomplish one of the Sustainable Development Goals(SDG) i.e., SDG 1 to eradicate poverty by achieving financial inclusion of the excluded groups, micro-entrepreneurs and small businesses, empower them to have Economic Well-Being. This theoretical approach can be applied in future studies, focusing on different populations, and similar issues can be addressed, thus broadening the research scope in this area.

8. Limitations and Future scope of study

The generalizability and overall scope of the findings were consequently restricted by the fact that the data gathering process for this study was restricted to Bangalore, a significant urban market. Researchers would benefit from expanding the data collection process to encompass smaller cities to improve the robustness and applicability of future research, a topic that was not examined in this study. In addition, the current investigation implemented a relatively straightforward path model, failing to consider potential moderation or mediation effects that could have offered more profound insights into the dynamics of the proposed framework. Additionally, this investigation implemented the Partial Least Squares Structural Equation Modeling (PLS-SEM) methodology, which was exclusively quantitative. Forthcoming studies could develop on this research by incorporating qualitative methods, such as interviews and direct observations within the informal sector, which could help in refining and theorizing the model further.