

**A STUDY ON ‘ THE STATUS OF DIGITAL FINANCIAL LITERACY**

**AMONG STREET VENDORS’**

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***Abstract***

*Digital financial literacy is combination of the knowledge, acquired skills and developing necessary habits for effectively use digital devices in financial transactions. This intersects with an individual’s basics, Literacy levels and the individual’s ability to use digital devices/technology. Indian Government is aggressively promoting digital transactions, One of the biggest hurdles in online banking is preference to conventional banking method by older generation and mostly people from the rural areas. The fear of losing money in the online transaction is a barrier for usage of e-banking. Financial accessibility of street vendors depends on the volume of trade and types the product they sell and Street vending profession is heterogeneity in character and this study considers as occupations. The data shows that most of*

*the vendors (34 percent) are vegetables and flower vendors since this profession requires very less investment as compared to other profession.*

**Key Words:** *Digital, Financial Literacy, financial transaction.*

## **Introduction**

Financial literacy is the ability to understand how money works; how someone makes, manages and invests it, and also expends it (especially when one donates to charity) to help others.....problems of debt are severe for a large proportion of the population because of financial literacy. In depth knowledge of financial literacy is required to understand how money works and how it can work for you even when you're sleeping by investing in profitable area.

The financial literacy affects your quality of life significantly. It affects you ability to provide for yourself and family, your attitude to money and investment, as well as your contribution to your community. Financial literacy enables people to understand what is needed to achieve a lifestyle that is financially balanced, sustainable, ethical and responsible. It also helps entrepreneurs leverage other people's money for business to generate sales and profits.

Digitization is that one faculty which undertakes everything influentially, especially in respect to banks and their impact which is quite transformative. A very useful and impactful immediate result of the digitization in financial services is enabling people to open bank account in real time. Initially while opening bank/mutual fund and other account, the biggest challenge faced by anyone was the submission of multiple documents such as address proof, ID proof and others.

## **Review of Literature**

**Dr.M.N.Mohamed abusali sheik** (2016): Under took a study on 'financial Inclusion of Urban Street vendors in palayamkottai', to find out the financial exclusion, they are facing many problems while going to avail any banking services. The study status that the street vendors having the lack of financial literacy and uncertainty of Income and the low level of saving habit. They conclude that, there are 2 major categories of business namely the sale of service product and consumer good.

**Prof.Hanuman Prasad and Devendra Meghwal(2017):** His study is towards to the set of skill and knowledge that allows an Individual to make, Informed and effective decision through their undertaking of finance. The peoples are going to digital payments. The value of Internet Banking, debit card and credit card, our government is also promoting Digital India recently they have Launched many Schemes, Digital and cash less India is the mission of Present India.

**Dean Karlan and Jake Kandall(2016):** Their study is on the “Research and Impact of Digital Financial Services”, It was the research on key financial market failures and on products and Innovations that address specific mechanism underlying them. The evidence on traditional one size fits all microcredit is mixed but, in general fails to deliver on the historic claims, and evidence on savings indicate replicable positive household welfare.

**Sobhesh kumar agarwalla, Samir K.barua and Joshy Jacob(2013):** They found that the Financial Literacy among working young in Urban India. The research Report inadequate financial Literacy which raise serious concerned about the ability of Individuals to secure their financial wellbeing. The financial literacy is of particular relevance to emerging economics. As these economies endeavour to Improve the financial situation on their citizens by achieving higher economic growth rates, enhancing of financial literacy would help Improve the financial wellbeing of their people.

**Sharit K. Bhomik and Debdulal Saha (2017):** Street vendors are one of the most marginalized, poor as well as vulnerable 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. Though the concept of financially including the poor in the mainstream banking systems is not a new affair. Credit is an important requirement in street vending, to sustain existing activity and to upscale it. There is at present.

**Objectives:**

- To understand the concept of digital financial literacy.
- To study the status of financial inclusion among street vendors.
- To know the status and awareness on digital financial literacy.

**Research Methodology**

The research is done based on both Primary and secondary data. The primary data has been collected using Interview Schedule. In which part A consist of Demographic factors and Part B consists of respondent's opinion on Street vendors.

**Meaning and definition of Digital Financial Literacy**

Digital financial literacy has emerged as a new wave in the hope that it will reach the last mile consumer in the most convenient and affordable manner. Digital financial literacy is defining as digital access to and use of formal financial services by excluded and underserved population. Digital financial literacy is defined as having the knowledge, acquired skills and necessary habits to effectively use digital devices for financial transactions. This intersects with an individual Basic literacy levels and their ability to use digital devices/technology.

**Need for Digital Financial Literacy Among Street Vendors**

Digital Financial literacy is having the Knowledge, acquired skills and developing necessary habits to effectively use digital devices to for financial transactions. This intersects with an individual's basic literacy levels and the individual's ability to use digital devices/technology. However, in the purist sense, it is

- Simply the ability to have a relationship with a bank/Financial Institution to keep your money safe
- Use facilities to transact using your own money for your needs in the safest most secure way possible
- Be aware, vigilant and extremely protective about your financial identity.

**The importance of Digital Financial Literacy Among Street Vendors**

As India focuses on the biggest digital transformation in recent history, Union Budget 2017 had a section on Promoting Digital in the budget speech apart from Policy Provisions in the Union Budget to impact these changes. With this deep focus, it's a necessary imperative to empower every citizen with the information and knowledge necessary to join the revolution and help India progress along the path of a Less-cash economy.

Many issues related to street vendors have been addressed in the past. Issues which are related to public space utilization, granting them business licences so that they are no more called “unlawful encroachers”, “nuisances and objects causing visual pollution” and the like have often been studied and deliberated. However the issues surrounding the nature of credit transactions and financial inclusion for street vendors have never been discussed at length in the recent past. This study will therefore be a benchmark study in its own right.

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 economic growth.

Financial inclusion is the process of ensuring access to appropriate financial products and services needed by all sections of society including weaker sections and low-income groups at an affordable cost in a fair and transparent manner by mainstream institutional player. Access at a reasonable cost of all households and enterprises to the range of financial services for which they are “bankable”, including saving, short and long term, credit, leasing and factoring, mortgages insurance, pension, payments, local money transfers.

Financial accessibility of street vendors depends on the volume of trade and types the product they sole. Street vending profession is heterogeneity in character and this study considers occupations. The data shows that most of the vendors (34 percent) are vegetables and flower vendors because this occupation requires very low investment as compared to other activities. It is also calculated ( not shown) that the profit margin from vegetables, fruits, and cooked food is high compared to that from other products, not taking into account the implicit it labour cost.

Digital financial literacy has become present need of India makes people to learn the banking mechanisms which not only found between the respondents regarding age, gender work activity and marital status of the respondent similarly, awareness about digital financial platforms was mapped by

Lack of awareness of digital financial literacy, especially among the street vendors is a major challenge in the country, more so in light of the Government’s recent demonetization and plans to

make India a cashless economy. There is an urgent need to create awareness among the citizens, especially in street vendors regarding basics of digital finance services.

## **Challenges**

**Security Risks** - External threats such as hacking, sniffing and spoofing expose banks to security risks. Banks are also exposed to internal risks especially frauds by employees / employees in collusion with customers

- **Financial Literacy / Customer Awareness** - Lack of knowledge amongst people to use e-banking facilities is the major constraint in India.
- **Fear factor** - One of the biggest hurdles in online banking is preference to conventional banking method by older generation and mostly people from the rural areas. The fear of losing money in the online transaction is a barrier to usage of e-banking.
- **Training** - Lack of adequate knowledge and skills is a major deterrent for employees to deal with the innovative and changing technologies in banks. Training at all levels on the changing trends in IT is the requirement of the day for the banks.

- **WayForward**

Business Analytics and Artificial Intelligence (AI) has a potential to bring a major change. Robotics, enabled by AI, is expected to be the future game changer in the banks. Many private banks are planning to deploy Robots for customer service, investment advisory and credit-approval process to improve the services and be cost effective in the long run. Digital Banking will be the most preferred form of banking in the coming years.

## **Progress Over The Years**

Banks, as well as customers like us, have benefited a lot by using the newer technologies adopted by banks which made the entire experience user-friendly-banking has resulted in reducing cost for the banks and at the same time, it increases their user base which ultimately helped them generate more revenue through various channels. Digitization has decreased human error. It is now possible to access and analyses the data anytime.

The Central Bank has overseen all these new developments taking place in banks. Commercial Banks in our country have moved towards a technology by way of Bank Mechanization and Automation with the introduction to MICR, Electronic Funds Transfer. MICR based cheque processing helps banks use the technique to verify the validity and

enhance the security of signed checks. Electronic Fund transfer help customers like us in transferring money from one account to another without the need to visit the bank branch.

- **Challenges in the banking industry**

- 1. Responsibility of User**

Bank digital transactions can go wrong due to many reasons, some of which might not be the fault of customers like us. The hacking of debit cards and bank accounts takes place very frequently. With the increased use of digital payments, we need to be protected from unauthorized banking transactions. Today, the responsibility is on us and not the banks when banks are really in control of the payment system and are charging us the for digital transactions.

- 2. Increasing the Customer Base**

Increasing internet penetration is the only possible solution to reduce the digital divide and increase ,

The increase of digital transactions in rural India would help boost not just the banking system but the entire economy. Awareness among people needs to be increased.

- **Awareness and Education**

Customers who stay in rural India need to be made aware of the advantages of digital banking. There is still a belief in most parts of our country that online banking is not a safe mode of banking. If people are educated about digital banking then their reliance on conventional banking will gradually come down.

### **Benefits of Digitalization**

Since methods of banking have become more digitalized, banks are focusing on creating a more efficient service for us, producing more methods of advancements in a more user-friendly front-end service. Through this mode of banking, paying bills online is done much faster and better

since all our information is tracked through our banking applications. Digital banking also helps us to check our account history and transactions anywhere which ultimately satisfies customers like us since we are keeping a track of our daily transactions.

### **Status of digital financial literacy among street vendors**

**Table: No.1: Showing the transactions of digital banking**

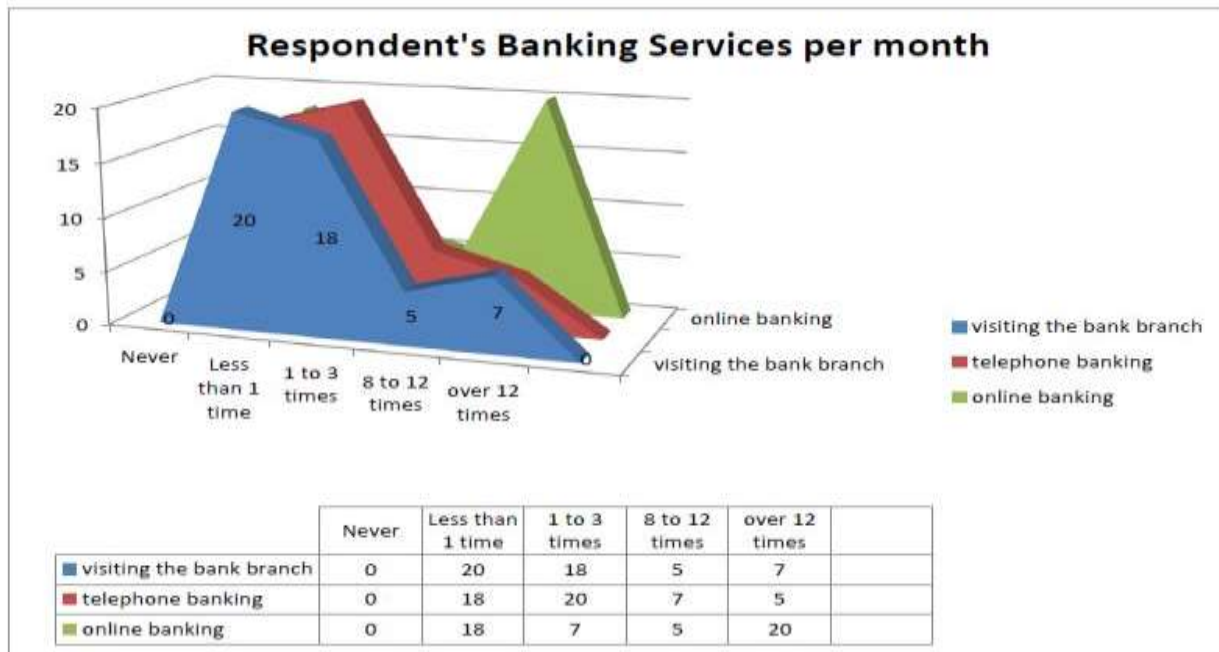
	<b>Visiting branch</b>	<b>Telephone banking</b>	<b>Online banking</b>	<b>Other(Mail, ATM, etc)</b>
<b>Pay bills</b>	7	18	20	5
<b>Balance enquiry</b>	7	20	18	5
<b>Bank statement</b>	5	17	20	8
<b>Bank transfer</b>	8	15	21	6
<b>Investing activities</b>	10	12	18	10
<b>Savings</b>	12	22	10	6
<b>Contacting bank advisor</b>	5	20	17	8

*Source:* primary data

The above table shows the data related to status of digital financial literacy among street vendors, in which the respondents saying that the transaction through digital banking out of 50 respondents. From the above data it is clear that there is lack of financial literacy among the street vendors and the awareness of the digital financial services.



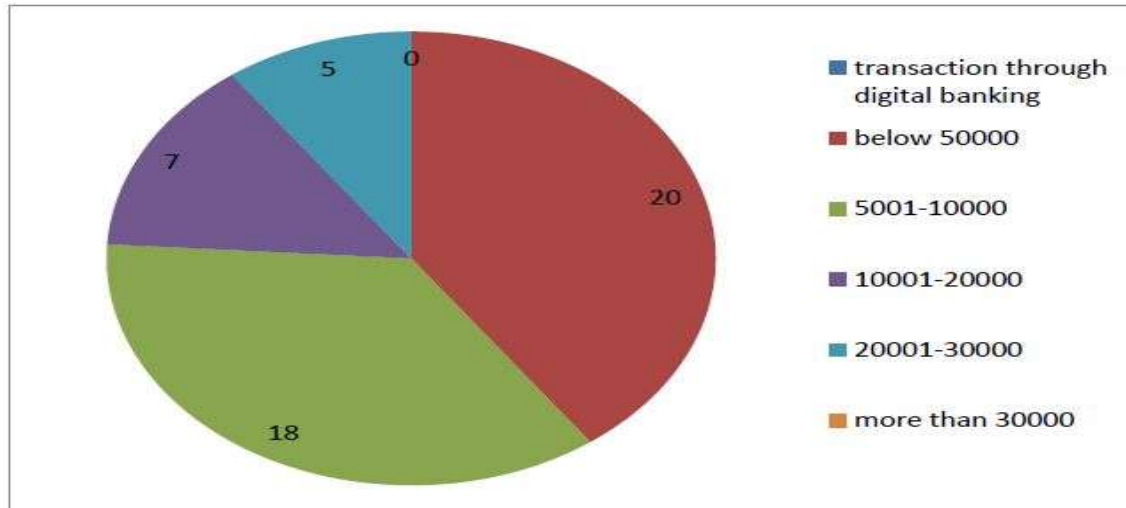
**Table: No.2:** Showing the respondent’s banking services per month and Chart No.6.7: Showing the respondent’s banking services per month



*Source:* primary data

The above table and graph showing the respondents services per month out of 50 respondents, the above graph and table showing visiting the bank branch were 40% and the Telephone banking respondents are 30% and the online banking are respondents are 30%

**Table: No.3:** Showing the transactions through digital banking



*Source:* primary data

The above table and chart showing the number of respondent's transaction through digital banking out of 50 respondents 20 are below 5000 transaction through digital banking. 18 are 5000 to 10000 transaction, 7 are 10001 to 20000 are transactions, 5 are 20001 to 20000 transactions and more than 30000 are none.

The graph shows that 40% are below 5000 transactions through digital banking, 36 are 5000 to 10000 transactions, 14 are 10001 to 20000 are transaction, 10 are 20001 to 30000 transactions and more than 30000 are none.

### **Findings and Conclusion**

Financial literacy, in that sense, enables an individual to improve the management of one's finances and avoid distress. At a very basic level, financial education is about disseminating knowledge and information about the products and services offered by banks and other. The objective is to make people aware of the risks and rewards so that they can make an informed choice. As India is concerned, financial literacy and awareness should go hand in hand, if the very important socio-economic objective of financial inclusion is to be achieved.

The task is challenging because the majority of the street vendors still beyond the pale of the banking system. Alternative financial delivery channels involving the use of modern technology are being tried out They still wait for the feedback to be received on the success of financial inclusion programmers initiated by the public sector banks. Several related benefits also will flow from concerted programmers of spreading financial literacy. Consumers who are better informed will demand accountability and seek redressed of grievances. it has been inferred that the investment habit of a large section of Indian society is still unchanged especially Street vendors.

For decades they had never looked beyond the Government operated schemes for their investment needs or they have not moved from banking savings and secure investment schemes to more sophisticated financial market.

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