DIGITAL PAYMENT ADOPTION AND ITS INFLUENCE ON RETAIL BUSINESS PRACTICES IN AHMEDABAD: A GENERATIONAL PERSPECTIVE

Kavit Anjaria

Assistant Professor, J G University, Ahmedabad.
Email: kavitanjaria@jguni.in

Abstract

India's rapid shift toward a digital economy has transformed retail payment practices, making digital modes increasingly essential for business operations. This study examines digital payment adoption among small and medium retailers in Ahmedabad, focusing on generational differences between younger and mid-career entrepreneurs. Primary data from 102 respondents were analyzed using non-parametric techniques including the Mann Whitney U, Chi-Square, and Kruskal–Wallis tests to assess usage patterns, perceptions, and operational concerns. Results indicate that younger retailers exhibit stronger acceptance of UPI, QR payments, and mobile wallets, while older counterparts remain cautious due to traditional business habits, trust concerns, and taxation uncertainty. Challenges related to fraud risks, network failures, and low digital competency continue to hinder smooth adoption, particularly among conventional retail formats. The study proposes strategic interventions by policymakers and fintech service providers to enhance confidence, strengthen infrastructure, and support inclusive digital participation among all retailer segments.

Keywords: *Digital Payment Adoption, Ahmedabad, UPI and Mobile Wallets, Retailer Behaviour*

INTRODUCTION

India's payment ecosystem has rapidly evolved with the expansion of digital financial technologies, reshaping how monetary transactions are conducted nationwide. Through initiatives such as the Digital India programme, the government has been actively encouraging the shift toward cashless payments to improve ease of transactions, ensure accountability, and broaden financial access. Retailers being the primary interface between businesses and consumers hold a pivotal responsibility in advancing the adoption of these digital solutions. Yet, their willingness to adopt digital payments is influenced by multiple factors including age, experience, business type, and personal attitudes.

This study centres on retailers from Gen Z and Gen Y in Ahmedabad an urban hub experiencing accelerated digital and commercial development. While most previous studies emphasize consumer behavior, this research shifts the focus to retail entrepreneurs to understand how younger business owners integrate digital payments into their operations, the extent of their reliance on such tools, and the contextual barriers they encounter. Although platforms like UPI, QR codes, and mobile payment apps have disrupted traditional cash-based trade, further inquiry is required to determine their true effects on retail business outcomes such as operational productivity, customer satisfaction, and profitability. By emphasizing the generational lens and local market dynamics, this introduction highlights the need for deeper insights into the lived experiences of emerging and mid-career retailers. As India continues to strengthen its digital infrastructure, such understanding becomes crucial for informed decision-making by policymakers, fintech stakeholders, and entrepreneurial support bodies in rapidly advancing cities like Ahmedabad.

LITERATURE REVIEW

Singh and Rana (2023) emphasized that digital payments have reshaped the Indian retail landscape by improving transaction speed and transparency. They noted that while adoption is high in urban sectors, small retailers still face infrastructural and trust-related challenges.

Sharma (2022) found that millennials are more comfortable with UPI and mobile wallets, influenced by tech-savviness and digital literacy. However, traditional retailers exhibit hesitation due to fear of fraud and taxation issues.

Kumar et al. (2023) highlighted that incentives like cashback and rewards significantly influence small business owners to adopt digital payments, especially among younger generations.

Patel (2022) studied the role of QR codes and revealed that retailers using QR-based systems experienced improved customer satisfaction and quicker checkout times.

Roy and Banerjee (2021) identified that the lack of digital infrastructure and poor after-sales support from payment providers remains a major barrier to adoption, particularly among kirana stores and older merchants.

Mehta and Desai (2023) explored generational perspectives and concluded that Gen Z retailers are more adaptive to digital innovations, while Gen Y retailers are more conservative and cautious, often influenced by traditional business practices.

Choudhury and Singh (2022) reported that trust in technology and perceived ease of use were strong predictors of adoption intent among younger entrepreneurs.

Pandya (2023) added that local influencers and peer groups significantly impact the adoption decisions of digital tools among Ahmedabad's youth-led businesses.

Huggi, Bhuwaneshwari, and Udagi (2024) explored how digital payment systems have reshaped consumer behaviour across urban and rural India. Their findings reveal that the introduction of platforms like UPI, digital wallets, and card-based payments has led to a noticeable rise in consumer spending and improved financial inclusion.

RESEARCH GAP

Although many studies in India have examined digital payment usage, very few have focused specifically on Ahmedabad, a fast-growing retail hub in a Tier-II city. Most previous research looks at large metros or overall national trends, leaving limited understanding of how retailers in Ahmedabad are adopting digital transactions. Another major gap is that Gen Z and Gen Y have mostly been studied as customers, not as business owners who make decisions for their shops. There is very little research that compares how these two younger generations of retailers differ in their attitudes, challenges, and experiences with digital payments. Also, earlier studies have not clearly captured retailers' practical concerns such as fraud, network failures, and lack of support, nor have they gathered their suggestions to improve digital systems. Therefore, a focused study on Ahmedabad retailers with a generational perspective is necessary to better understand their needs and promote effective digital payment adoption.

RESEARCH METHODOLOGY

This study adopts a descriptive and comparative research design, aimed at understanding the adoption and impact of digital payment systems among Gen Z and Gen Y retailers in Ahmedabad. The research focuses not only on assessing the level of adoption, but also on exploring attitudes, behaviours, challenges, and differences between these two generational cohorts. A quantitative approach was primarily used through structured survey questionnaires to ensure objective measurement and statistical validation.

Research Design:

A descriptive research design was used to analyse digital payment adoption among Gen Z and Gen Y retailers in Ahmedabad.

Sampling Design:

A non-probability convenience sampling design was adopted for reaching relevant retailers.

Sampling Method:

Convenience sampling was employed to collect data from respondents based on accessibility and willingness.

Sources of Data:

Both primary data (via structured questionnaire) and secondary data (from journals and reports) were used.

Sample Size:

The final sample size consisted of 102 retailers from various sectors across Ahmedabad.

Data Tools & Techniques:

Non-parametric tests like Mann–Whitney U, Chi-Square, Kruskal–Wallis, and Cronbach's Alpha were used for analysis in SPSS.

OBJECTIVES OF THE STUDY

1. To compare how Gen Z and Gen Y retailers in Ahmedabad differ in their attitudes, behaviours, and preferences toward using digital payments.
2. To understand how factors such as age, education, type of business, and business size influence the use of digital payment methods by retailers.
3. To shift the research focus from consumers to retailers by exploring how Gen Z and Gen Y business owners adopt and manage digital payment systems in their businesses.
4. To provide practical recommendations for policymakers, fintech companies, and local business communities to improve digital payment adoption among retailers in Ahmedabad.

HYPOTHESIS

- **H1$_0$:** There is no significant difference in digital payment attitudes and behaviour between Gen Z and Gen Y retailers.
- **H1$_1$:** There is a significant difference in digital payment attitudes and behaviour between Gen Z and Gen Y retailers.
- **H2$_0$:** There is no significant association between type of business and digital payment adoption.
- **H2$_1$:** There is a significant association between type of business and digital payment adoption.
- **H3$_0$:** The survey items used to measure adoption drivers are not internally consistent.

- **H3$_1$:** The survey items used to measure adoption drivers are internally consistent.
- **H4$_0$:** There is no significant difference in technical challenges faced by Gen Z and Gen Y retailers.
- **H4$_1$:** There is a significant difference in technical challenges faced by Gen Z and Gen Y retailers.
- **H5$_0$:** There is no significant difference in digital payment usage frequency across education levels.
- **H5$_1$:** There is a significant difference in digital payment usage frequency across education levels.

DATA ANALYSIS AND INTERPRETATION

1. RELIABILITY TEST:

In this section, the study focuses on assessing the reliability of the measured items and the normality of data distribution across various variables.

Reliability Statistics	
Cronbach's Alpha	N of Items
.757	12

INTERPRETATION

To evaluate the internal consistency of the survey items, the Cronbach's Alpha coefficient was calculated. Cronbach's Alpha value obtained was 0.757, which suggests an acceptable level of reliability. This value indicates that the items used in the survey are sufficiently consistent in measuring the constructs of interest, attitude and adoption level of digital payments across generations. A Cronbach's Alpha value above 0.7 is generally considered acceptable, indicating that the items are likely to measure the same underlying concept.

Objective: 1

To compare how Gen Z and Gen Y retailers in Ahmedabad differ in their attitudes, behaviour, and preferences toward using digital payments.

- **H0:** There is no significant difference in digital payment attitudes and behaviour between Gen Z and Gen Y retailers.
- **H1:** There is a significant difference in digital payment attitudes and behaviour between Gen Z and Gen Y retailers.

Ranks				
	Age Group	N	Mean Rank	Sum of Ranks
attitude_score	Below 29(Gen Z)	39	38.35	1495.50
	29-44(Gen Y)	41	42.55	1744.50
	Total	80		

Test Statistics[a]	
	attitude_score
Mann-Whitney U	715.500
Wilcoxon W	1495.500
Z	-.811
Asymp. Sig. (2-tailed)	.418

a. Grouping Variable: Age Group

INTERPRETATION

To examine whether there is a significant difference in digital payment attitudes and behaviour between Gen Z and Gen Y retailers, a Mann–Whitney U test was conducted. This non-parametric test was appropriate because the data involved two independent groups (Gen Z and Gen Y) and the dependent variable attitude, and behavioural scores was measured using ordinal Likert-scale items. The results of the test indicated an Asymptotic Significance (2-tailed) value of 0.418. Since the p-value is greater than the standard alpha level of 0.05, we fail to reject the null hypothesis. This suggests that there is no statistically significant difference in how Gen Z and Gen Y retailers perceive or behave toward digital payment systems. Both generational groups, despite their age gap, seem to share relatively similar attitudes and acceptance levels when it comes to adopting and using digital payments in their business practices.

https://ijmec.org.in/

Objective: 2

To understand how factors like age, education, type of business, and business size influence the use of digital payment methods by retailers.

- **H0:** There is no significant association between type of business and digital payment adoption.
- **H1:** There is a significant association between type of business and digital payment adoption.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Type of business you own? * Approximately what portion of your daily transactions are made through digital payments?	91	100.0%	0	0.0%	91	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.326[a]	10	.067
Likelihood Ratio	21.362	10	.019
Linear-by-Linear Association	2.259	1	.133
N of Valid Cases	91		

a. 11 cells (61.1%) have expected count less than 5. The minimum expected count is .53.

INTERPRETATION

To examine whether the type of retail business is associated with the extent of digital payment usage, a Chi-Square Test of Independence was conducted. The test assessed the relationship between the business category such as fashion, food & beverage, provisional store, etc. and the approximate portion of daily transactions completed through digital payment methods. The test yielded a Pearson Chi-Square significance value of **0.067**. Since the p-value is greater than the conventional alpha level of 0.05, we fail to reject null hypothesis. This indicates that there is **no statistically significant association** between the type of business and the extent to which digital payments are used in daily transactions.

Objective: 3

To shift the focus from consumers to retailers, by exploring how Gen Z and Gen Y business owners adopt and manage digital payment systems in their businesses.

- **H0:** There is no significant difference in technical challenges faced by Gen Z and Gen Y retailers.
- **H1:** There is a significant difference in technical challenges faced by Gen Z and Gen Y retailers.

Ranks

	Age Group	N	Mean Rank	Sum of Ranks
I face technical challenges while using digital payments.	Below 29(Gen Z)	39	38.31	1494.00
	29-44(Gen Y)	41	42.59	1746.00
	Total	80		

Test Statistics[a]

	I face technical challenges while using digital payments.
Mann-Whitney U	714.000
Wilcoxon W	1494.000
Z	-.851
Asymp. Sig. (2-tailed)	.395

a. Grouping Variable: Age Group

INTERPRETATION

The statement "I face technical challenges while using digital payments" was used as the test variable, and the age group served as the grouping variable. The test produced an Asymptotic Significance (2-tailed) value of 0.395. Since the p-value is greater than the 0.05 threshold, we fail to reject the null hypothesis. This suggests that there is **no statistically significant difference** between

Gen Z and Gen Y retailers in terms of the technical difficulties they experience with digital payment systems. Despite generational differences in technology exposure, both groups appear to report similar levels of challenge in managing digital payment tools.

Objective: 4

To understand how factors like age, education, type of business, and business size influence the use of digital payment methods by retailers.

- **H0:** There is no significant difference in digital payment usage frequency across education levels.
- **H1**: There is a significant difference in digital payment usage frequency across education levels.

Ranks

	Education Level	N	Mean Rank
I prefer using digital payments over handling cash.	UG/PG	44	42.31
	10th Pass	17	49.53
	12th Pass	30	49.42
	Total	91	

Test Statistics[a,b]

	I prefer using digital payments over handling cash.
Chi-Square	1.823
Df	2
Asymp. Sig.	.402

a. Kruskal Wallis Test

b. Grouping Variable: Education Level

INTERPRETATION

The test produced a p-value (Asymp. Sig.) of 0.402, which is higher than the significance threshold of 0.05. As a result, we fail to reject the null hypothesis. This indicates that there is **no statistically significant difference** in digital payment preference across different levels of educational qualification. In other words, retailers from varying educational backgrounds whether less formally educated or professionally qualified show a generally similar preference toward digital payment usage, suggesting a widespread cultural and operational acceptance of digital payments irrespective of academic attainment.

DESCRIPTIVE ANALYSIS

Age Group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 29(Gen Z)	39	42.9	42.9	42.9
	29-44(Gen Y)	41	45.1	45.1	87.9
	44 and Above	11	12.1	12.1	100.0
	Total	91	100.0	100.0	

INTERPRETATION:

The age-wise distribution of respondents reveals that a significant proportion of retailers fall under the Gen Z and Gen Y categories. Specifically, 42.9% of respondents are below 29 years of age (Gen Z), while 45.1% are between the ages of 29 and 44 (Gen Y). Only 12.1% of the participants are aged 44 and above. This clearly shows that the majority of retail business owners who participated in the study belong to the younger generations, aligning with the core focus of the research on understanding generational differences in digital payment adoption among Gen Z and Gen Y retailers in Ahmedabad.

Education Level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	UG/PG	44	48.4	48.4	48.4
	10th Pass	17	18.7	18.7	67.0
	12th Pass	30	33.0	33.0	100.0
	Total	91	100.0	100.0	

INTERPRETATION:

The education-level distribution of respondents indicates that a majority of the retailers surveyed hold higher educational qualifications. Specifically, 48.4% have completed undergraduate or postgraduate degrees, making them the largest group in the sample. Meanwhile, 33% have completed their 12th standard, and 18.7% have education up to the 10th standard. This suggests that nearly half of the respondents are well-educated, which may positively influence their awareness, understanding, and adoption of digital payment technologies in their retail operations.

Type of business you own?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fashion & Apparel	15	16.5	16.5	16.5
	Food & Beverages	13	14.3	14.3	30.8
	Pan Parlour	4	4.4	4.4	35.2
	Provisional Store & Dairy	27	29.7	29.7	64.8
	Service (Travel/Government IT Services/Salon/etc.)	13	14.3	14.3	79.1
	Other	19	20.9	20.9	100.0
	Total	91	100.0	100.0	

INTERPRETATION:

The table shows that most respondents (29.7%) own Provisional Stores & Dairy businesses, followed by 20.9% in other categories and 16.5% in Fashion & Apparel. Food & Beverages and Service businesses each make up 14.3%, while only 4.4% run Pan Parlours. This highlights a strong presence of essential goods retailers in Ahmedabad.

Since how long you are running your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 Year	9	9.9	9.9	9.9
	1 - 3 Year	16	17.6	17.6	27.5
	More than 3 Year	66	72.5	72.5	100.0
	Total	91	100.0	100.0	

https://ijmcc.org.in/

INTERPRETATION:

The table reveals that most retailers (72.5%) have been running their businesses for more than 3 years, while 17.6% have 1–3 years of experience, and only 9.9% are relatively new with less than 1 year in business. This indicates that most respondents are well-established in their trade.

Approximately what portion of your daily transactions are made through digital payments?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 25%	26	28.6	28.6	28.6
	25-50%	53	58.2	58.2	86.8
	More than 50%	12	13.2	13.2	100.0
	Total	91	100.0	100.0	

INTERPRETATION:

The data shows that 58.2% of retailers conduct 25–50% of their daily transactions via digital payments, while 28.6% use digital payments for less than 25% of their transactions. Only 13.2% of respondents report that more than half of their transactions are digital, indicating moderate adoption among most retailers.

FINDINGS

- **Generational Practices:** A significant portion of Gen Z and Gen Y retailers in Ahmedabad continue to follow traditional business practices inherited from previous generations. This has slowed the digital transition.
- **Tax Avoidance Concerns:** Many retailers intentionally avoid digital payments to prevent income disclosure, thereby evading taxes.
- **Low Trust in Systems:** About half of the respondents show reluctance in using digital transactions for B2B dealings, citing trust issues.
- **Cash Dependency:** Kirana stores and small retailers largely rely on cash payments due to customer habits and a lack of digital awareness.
- **Technical Glitches:** Issues such as failed transactions, delayed credits, and unacknowledged complaints are common among digital payment users.
- **Fraud Risks:** QR code scams and clone apps with similar UI/UX have increased digital fraud risks, affecting trust.
- **Bank Performance:** Retailers reported that HDFC Bank services lag in efficiency compared to Paytm, which is considered better, though all providers show gaps in customer service.
- **Gen Z Openness:** A growing number of Gen Z retailers find digital platforms convenient and are more adaptive to technology.
- **Customer Convenience:** Kirana and dairy shops prefer digital methods as they eliminate the need to provide change, improving transaction speed.

CONCLUSION

This study aimed to evaluate the significance and practical implications of digital payment usage among small and medium retail businesses in Ahmedabad, with a generational comparison between young and mid-career entrepreneurs. As India accelerates toward digital commerce, examining how emerging retailer groups perceive and integrate payment technologies has become increasingly important. Findings indicated that Gen Z retailers are more enthusiastic toward digital tools, whereas Gen Y retailers exhibit cautious behaviour due to established business routines, tax-related apprehensions, and trust issues. Both groups, however, reported operational challenges such as transaction delays, system failures, and fraud vulnerabilities. Cash continues to dominate in traditional formats like Kirana stores due to customer habits and infrastructural gaps. Where digital platforms were embraced, retailers experienced better business transparency and reduced cash handling. Statistical tests including Mann–Whitney U, Chi-Square, and Kruskal–Wallis confirmed varying levels of digital readiness across demographic and business segments. Overall, digital adoption is shaped by behavioural mindsets and socio-economic contexts, not technology alone. Ahmedabad's blend of cultural legacy and emerging entrepreneurial spirit influences this transition. The study suggests that for digital payments to become truly inclusive, efforts must strengthen digital trust, usability, and long-term value for retailers.

REFERENCES

[1] Ariyanti, R. and Marianingsih, I. [no date]. *How Fintech Adoption, Digital Payment Systems, and Consumer Trust Shape Financial Performance of MSMEs*. Available at: https://ijble.com/index.php/journal/index.

[2] Barthwal, M. [no date]. *Impact of Digital Payments on Retail Consumers and Small Vendors: Quantitative Analysis and Small Vendor Insights*. Available at: www.ijfmr.com.

[3] Dangkeng, A. and Munir, R. 2025. Fintech and Financial Inclusion: How Digital Payment Systems Empower Small Entrepreneurs. *Journal of Indonesian Scholars for Social Research Copyright* 5(1), pp. 46–55.

[4] Gladwin, P. and Tharapil Joseph, S. [no date]. *The Influence of Digital Payment Systems on Small Enterprises in Prayagraj*. Available at: www.ijfmr.com.

[5] Maulidiya, Z. and Khusnudin, K. 2025. E-Wallet Adoption in Digital Payment Services: The Impact of Convenience, Trust, and Lifestyle. *Formosa Journal of Multidisciplinary Research* 4(4), pp. 1565–1576. doi: 10.55927/fjmr.v4i4.137.

[6] Phatak, N.S. [no date]. *Impact of Digital Payment Adoption on Small Businesses in India: A Comprehensive Survey*. Available at: www.ijfmr.com.

[7] Purwantini, A.H. and Anisa, F. 2021. FINTECH PAYMENT ADOPTION AMONG MICRO-ENTERPRISES: THE ROLE OF PERCEIVED RISK AND TRUST. *Jurnal ASET (Akuntansi Riset* 13(2), pp. 375–386. Available at: http://ejournal.upi.edu/index.php/aset/article/view/37212.