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Digital Payment Adoption in Informal Retail: A Literature Review from a Retail Marketing Perspective

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ABSTRACT: The global rise of digital payment systems is reshaping the retail environment, yet uptake among informal retailers—who dominate commerce in many emerging markets—remains inconsistent. This review consolidates recent research (2020–2025) to examine adoption factors from a retail marketing perspective. Key enablers include perceived usefulness, ease of use, peer influence, and the search for competitive advantage. Conversely, barriers are linked to limited digital literacy, weak infrastructure, transaction fees, and security concerns. Beyond facilitating transactions, digital payment systems enhance customer trust, improve shopping convenience, and provide data for customer-focused marketing strategies. However, the prevalence of cash culture and informal practices continues to slow progress. Research gaps exist in longitudinal analysis, cross-regional comparisons, gendered adoption patterns, and marketing interventions. The study concludes that adoption in informal retail is not only a technological shift but also a marketing transformation shaped by consumer expectations and socio-economic realities.

I. INTRODUCTION

Digital technologies have altered how retailers interact with consumers, with payment innovation at the center of this transformation. While organized retail increasingly relies on cashless systems, informal retailers—such as small neighborhood shops and street vendors—show varied adoption. Understanding these patterns is essential for scholars and practitioners in retail marketing because payment methods influence customer experience, loyalty, and competitiveness (Mishra et al., 2021; Yadav & Tripathi, 2025).

II. METHODOLOGY

This review draws from peer-reviewed literature published between 2020 and 2025, identified through databases such as Scopus, Web of Science, and Google Scholar. Studies included focus on digital payment adoption, informal or small-scale retailing, and consumer–retailer interactions in emerging markets.

III. REVIEW OF LITERATURE

3.1 Macro-Level Insights

Cross-country evidence suggests that greater digital payment penetration strengthens economic activity and reduces informality (Aguilar et al., 2024). This positions informal retailers as crucial actors in national digital finance strategies.

3.2 Informal Retailers in India

Research in India highlights that regulatory pressures, platform ecosystems, and perceived benefits shape adoption choices (Mishra et al., 2021). Structural models reveal that usefulness, ease of use, voluntariness, and social norms strongly influence adoption attitudes, while risk perceptions discourage first-time users (Yadav & Tripathi, 2025).

3.3 Consumer Behavior

Studies emphasize convenience, security, and government incentives as strong consumer-side motivators (Tribhan & Kamble, 2024). However, gaps remain in understanding rural contexts, gender perspectives, and longitudinal adoption dynamics (Bala & Sharma, 2025).

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3.4 Comparative and Network Dynamics

Findings from Nigeria underscore the importance of peer effects and network participation in fostering adoption (Ajao et al., 2023). In Pakistan, digital literacy directly influences ease of use and indirectly shapes adoption intention (Ullah et al., 2022).

3.5 Business Benefits

Evidence from Ghana illustrates how digital payment usage facilitates access to trade credit among informal firms, strengthening business relationships and resilience (Owusu et al., 2024).

3.6 Consumer Spending Effects

Experimental research in China shows that mobile payments can increase consumer expenditures, especially on price-sensitive goods, suggesting adoption may boost informal retailers' revenues (Jiang, 2022).

IV. MARKETING-RELEVANT SYNTHESIS

Adoption Drivers. Retailers adopt digital payments when they perceive tangible benefits, face consumer demand, or gain legitimacy compared to competitors (Mishra et al., 2021; Yadav & Tripathi, 2025).

Adoption Barriers. Lack of trust, weak connectivity, transaction charges, and low financial literacy remain persistent challenges (Patil & Kale, 2023; Ullah et al., 2022).

Marketing Implications. Cashless systems can streamline checkout processes, enhance credibility, and provide transaction data useful for loyalty programs and targeted promotions (Zhang & Zhao, 2024).

V. RESEARCH GAPS & FUTURE DIRECTIONS

- Longitudinal outcomes of adoption for informal retailers remain underexplored.
- Comparative cross-country studies are limited, restricting generalizability beyond India and parts of Africa.
- Gender and socio-economic inequalities in adoption are rarely analyzed.
- Consumer–retailer co-adaptation requires deeper investigation into how consumer demand and retailer strategies shape each other.
- Effectiveness of marketing campaigns in encouraging adoption is under-documented.
- Low-cost innovations tailored to rural and semi-formal settings need greater attention.

VI. CONCLUSION

Digital payment adoption in informal retail cannot be reduced to a technical matter. It embodies a broader marketing shift that shapes customer relationships, trust, and competitiveness. While adoption is growing, persistent structural barriers slow full integration. Advancing scholarship requires a stronger focus on context-specific marketing strategies, consumer–retailer dynamics, and long-term performance outcomes.

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