



Digital Literacy and Employability: How Digital Payment Systems (UPI, Wallets) Fuel E-Commerce Growth

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ABSTRACT

E-commerce has witnessed unprecedented growth in the global economy over the past several years. The advent of e-commerce has significantly transformed traditional business models, with digital payment platforms playing a crucial role in this transformation. This research paper examines digital literacy, its impact on employability, and how digital payment systems can accelerate the growth of e-commerce.

Despite the widespread use of the Unified Payment Interface (UPI) and digital wallets, the adoption of e-commerce remains constrained due to limited digital literacy, particularly in rural areas. This lack of digital skills prevents a significant portion of the population from fully benefiting from digital commerce. The study proposes that targeted digital literacy programs conducted by the government and digital platforms for sellers, buyers, and consumers can enhance e-commerce adoption while simultaneously generating employment opportunities and contributing to overall economic growth.

The study highlights that increased digital literacy can lead to greater participation in e-commerce and create new employment opportunities, especially for rural populations and youth. These opportunities include content creation, digital marketing, e-commerce management, logistics and delivery services, and customer support. The research is based on both primary and secondary data. Primary data are collected through surveys and questionnaires, while secondary data are sourced from institutions such as the Reserve Bank of India (RBI), National Payments Corporation of India (NPCI), NITI Aayog, and existing academic literature.

Furthermore, the study demonstrates that improved digital literacy enhances consumer awareness regarding cybersecurity and safe payment practices, thereby increasing trust in online transactions. Greater consumer confidence, in turn, accelerates the growth of e-commerce. As digital literacy improves, the expanded use of digital platforms contributes to higher employment levels, reinforcing the growth of the e-commerce ecosystem.

The study provides actionable recommendations for government bodies, policymakers, digital payment platforms, and e-commerce companies. It emphasizes the need for focused digital skills training, cybersecurity awareness, and consumer protection initiatives. The study concludes that digital literacy plays a vital role in improving employability, accelerating e-commerce growth, and strengthening the overall digital economy.

Keywords: Digital Literacy, Employability, UPI, Digital Payments, E-Commerce and Digital Economy.

1. INTRODUCTION

Digital payments have transformed business transactions, customer shopping behavior, and currency security. In today's rapidly changing world, technology is ubiquitous. The continuous increase in smartphone usage and internet penetration has facilitated the development of digital payment platforms (UPI, wallets), which have played a crucial role in the growth of e-commerce. The effective use of digital platforms has led to growth in the digital economy, which is essential for the development of a changing society, technology, and economy.

Structure of digital world-

The 21st century has ushered in a digital age that has transformed everything from consumer behavior to business practices. Digital technology has become so prevalent in people's lives that it powers everything from communication to shopping and financial transactions. Digital change has given new ideas and shape to business models and created new employment opportunities for people around the world.

The digital evolution of India-

In current technological period, Digital India, the Indian digital economy is rising rapidly due to affordable internet access and the availability of smartphones. The World Development Report (WDR) shows that by the end of 2014, there were more than 200 million internet users in India,

which increased to about 74 crores by 2020, according to a report by the market research agency Qatar. This change shows that this technological change is reducing the urban-rural divide. To strengthen the digital economy in India, many changes have been made by the government to promote e-commerce and digital transactions, which have led to a significant growth in the digital economy.

Relationship between Digital Literacy and Employability

Digital literacy requires every individual to know how to use the internet correctly, make payments through digital payment methods (UPI, wallets, mobile banking), and utilize e-commerce, enabling them to become competent and secure good employment based on their skills and abilities. Digital literacy is creating new job opportunities in this technological era, such as e-commerce support staff, content creators, digital trainers, data specialists, etc., which will contribute to the development of youth, women, and the entire economic system.

How is digital literacy important for increasing employability in e-commerce

To take advantage of e-commerce and digital payments, people need adequate digital literacy to address issues such as app installation, security knowledge (passwords, cookies, phishing), and transaction processes. To benefit from employment opportunities in e-commerce, individuals require significant digital proficiency.

- Increasing employment in rural areas – In 2017, the Government of India launched the PMGDISHA (Pradhan Mantri Gramin Digital Saksharta Abhiyan) to connect rural areas with the digital world. This program teaches people aged 14-60 years old skills related to digital devices, digital payments, online buying and selling, and other skills. This has provided employment opportunities to the elderly, women, and youth in rural areas by connecting to e-commerce platforms.
- Gig jobs through e-commerce- E-commerce platforms are providing employment to lakhs of people as gig workers. People get employment to earn their livelihood through various platforms like Swiggy, Zomato, Flipkart, Blinkit etc. In this, gig workers need to have digital knowledge related to technology related problem solving, digital payments, map related knowledge and platform app operation etc. According to the report of NITI Aayog, in 2020-21,

around 77 lakh workers were engaged in the gig economy, which is expected to reach around 2.35 crore workers by 2029-30.

- Promotion of MSME and small traders- Using e-commerce platforms has made it easier for small traders, artisans, women and rural traders to reach the global market from remote areas. In this, traders and entrepreneurs should have digital literacy so that they can grow their business and e-commerce through skills like digital marketing of goods and services of their business, digital payment (UPI, wallets), online website/app development and inventory tracking.

How digital payments contribute to the growth of e-commerce:

- Reducing the risk of cash - The use of UPI and wallets has eliminated the challenges and problems of cash loss and theft, and has also reduced the risk of not having cash available.
- Boosting small merchant confidence - Digital payment platforms have provided a 'voice box' feature for small merchants, allowing them to instantly receive transactions. This feature has instilled trust in digital payment platforms among small merchants who previously relied solely on cash payments. Digital payment systems have also provided small merchants with the opportunity to buy and sell online, which has contributed to the growth of e-commerce.
- Cross-border access - The availability of various digital payment platforms has enabled Indian shoppers to purchase from some foreign e-commerce sites, which has contributed to the growth of Indian e-commerce.
- Increasing use of mobile commerce - Users now have a much easier time making purchases online using smartphones and other devices with the help of a "one-click payment interface," which reduces the risk of order cancellations.
- Increased safety and security - Digital payment platforms have introduced two-factor authentication for customer safety and security, which has been a key aspect for the growth of e-commerce. This security feature has increased consumer confidence in purchasing from e-commerce platforms. Meanwhile, digital payment systems have also increased trust by providing consumers with instant confirmation and transaction history, along with the resolution of all disputes.

2. LITERATURE REVIEW

- Moaz et.al. (2025), “Impact of Digital Payment and E-Commerce on Small Business Growth using Financial Literacy as Moderator” This paper demonstrates that digital and financial literacy are key tool for shaping the growth of the digital economy. The paper highlights that the use of online buying and selling of goods and services has transformed consumer shopping patterns. This behavior is altering traditional shopping practices, enabling people to access larger markets through new opportunities. However, digital literacy is identified as a major obstacle to this growth. Efforts and necessary policies are needed to address this challenge, which is essential for the growth of trade and the digital economy, as well as digital payments and e-commerce.
- Hariharan et.al. (2025), “The Impact of Digital Payment System on Financial Transactions in E-Commerce” This paper emphasizes that digital payment systems have the potential to transform e-commerce platforms. They have facilitated not only digital transactions but also e-commerce. The paper also focuses on security, trust, consumer behavior, addressing challenges, and various payment methods. It highlights that digital payments are crucial for the growth of e-commerce. E-commerce growth depends on consumer trust, security, and safety, making it essential to address these issues and ensure continued growth.
- C.Nguyen et.al. (2024), “Digital Literacy, Online Security Behaviors and E-Payment Intention” This paper highlights that the popularity of e-payments is influenced by growing online security concerns. The study focuses on digital and financial literacy, emphasizing that technical knowledge, skills, and awareness are crucial for the safe and responsible use of e-payments.

3. RESEARCH METHODOLOGY

Objectives

- To explore the challenges and reasons behind the adoption of digital payments.
- To explore the role of digital literacy and employment in the growth of e-commerce.

Need of the Study-

As times are rapidly changing, the use of digital transactions and e-commerce platforms is rapidly increasing in this technological era. This has significantly changed people's shopping and payment behaviour, but some segments of society are still excluded due to a lack of digital literacy. This lack of digital literacy is depriving millions of young people and entrepreneurs of new employment opportunities, hindering the growth of e-commerce. This study aims to identify the challenges and barriers to the use of digital payments and help understand e-commerce growth, providing a basis for policymakers, stakeholders, and industry participants to make informed decisions.

Scope of the Study- This study focuses on the role of digital payments in the growth of e-commerce. This study will explore whether digital literacy can lead to increased use of digital payments and the potential for employment opportunities in e-commerce.

No. of Respondent- 150

Sampling Method- Convenient technology has been chosen to increase digital payments, digital literacy, and employment related information.

Statistical Tool- Percentage analysis tool has been used in this study.

Hypothesis-

- H1- The adoption of digital payments significantly impacts e-commerce share.
- H2- Digital literacy significantly impacts the likelihood of finding a job on digital platforms.

Time-Period of Study- This study has been prepared on the basis of data of 2015-25.

4. DATA INTERPRETATION AND ANALYSIS

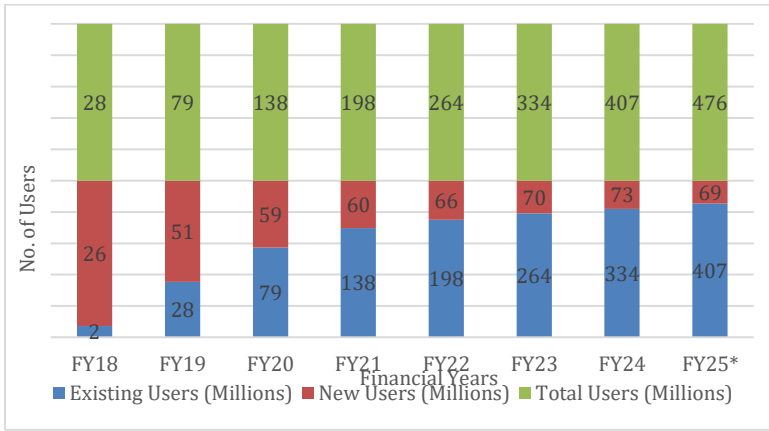


Figure 1: No. Number of Users on UPI transactions in India
 Source: National Payments Corporation of India

- Analysis- UPI has seen significant growth in transactions from its launch in 2016 to 2025. This increase has been particularly pronounced since COVID-19, reflecting the increased adoption of digital payments.
- Interpretation- The growth in UPI transactions demonstrates the increasing adoption of digital payments across India. UPI has reduced reliance on cash transactions and helped e-commerce platforms grow by providing a reliable base. Making small payments instant, secure, and cost-effective has led to increased transaction volumes, strengthening the digital economy

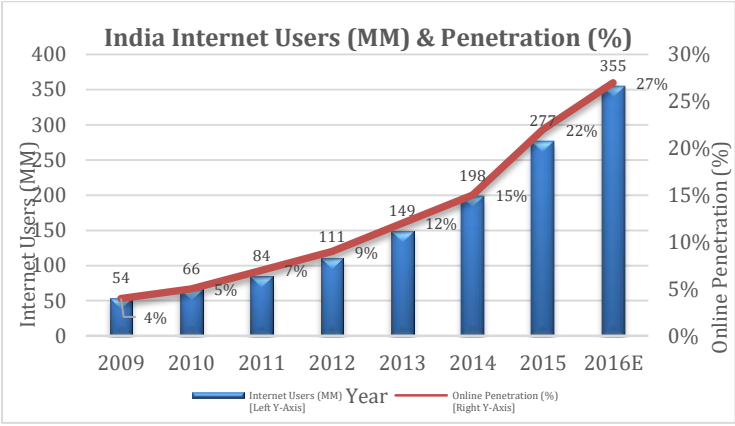


Figure 2: Internet Users & Online Penetration Growth
 SOURCE: KLEINER PERKINS

- Analysis- Since 2015, there has been a strong growth in digitalization driven by internet and smartphone penetration.
- Interpretation- The launch of Jio by Reliance Jio in 2015 strengthened digital payment and e-commerce platforms through the availability of low-cost internet and smartphones. The use of the internet and smartphones has also led to the growth of job opportunities in digital sectors such as online marketing, gig workers, and app development

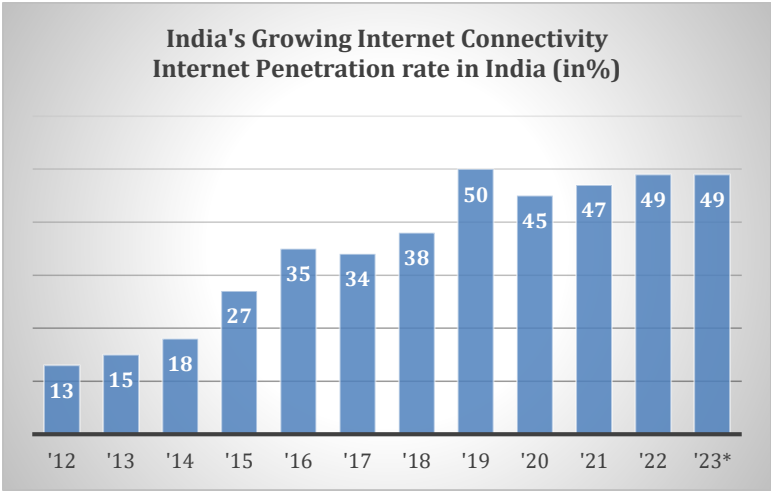


Figure 3: India's Growing Internet Connectivity
 Sources: Statista

- Analysis- Internet usage increased significantly during the COVID-19 pandemic.
- Interpretation- during the COVID-19 pandemic, the internet was widely used for online shopping and payments. During this period, the government implemented numerous policies and development programs to promote digital literacy, digital payments, and e-commerce

5. FINDING & SUGGESTIONS

- This study found a positive relationship between digital literacy and employment. Individuals with low digital literacy are less likely to find employment than those with high levels of digital literacy, posing a significant challenge to the development of a digital economy. Consumers related to digital payments contribute more to e-commerce growth than non-consumers.
- For the development of a digital platform, the government should create centers at various places to specially promote programs like PMGDISHA, Digital Literacy, so that digital literacy can be increased among women, the elderly and rural areas.
- E-commerce companies should provide programs and training to their employees to impart digital literacy.
- Digital payments and digital platforms can help in the growth of e-commerce by promoting digital literacy through language, simple app operation, digital education of users and demos

6. CONCLUSION

In conclusion, it can be said that digital literacy has promoted the use of e-commerce platforms and digital payments. Digital payments and e-commerce play a vital role in India's future economy and employment opportunities. As the age of technology advances, it has become increasingly necessary to participate digitally. Digital literacy determines how to overcome challenges and difficulties while taking advantage of employment opportunities. Increasing the use of digital payments

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