

Chapter 18

The Gig Economy and Digital Payments: A Pathway Out of Poverty

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ABSTRACT

This chapter examines the transformative potential of the gig economy, supported by digital payment systems, as a pathway out of poverty for marginalized and low-income populations. It explores how flexible, short-term work opportunities, combined with secure and traceable digital payments, can enhance income generation, financial inclusion, and skill development. The chapter critically analyzes structural, technological, and social challenges, including income instability, platform dependency, and digital literacy gaps, and emphasizes the complementary roles of governments,

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platforms, and NGOs in fostering inclusive and sustainable gig work ecosystems. Emerging trends, research gaps, and policy implications are also discussed to guide future strategies for equitable economic empowerment.

INTRODUCTION

Poverty in low-income and marginalized communities remains urgent across the world, and is frequently affected by structural inequalities that suppress access to safe work, formal financial services, and means of social protection (Bhadra, 2021; De Schutter et al., 2023; Lee, 2023; Pollard & Booth, 2019). In most areas, traditional labor markets do not meet the special conditions of such groups in terms of geographical location, human capabilities, and time. Therefore, people often have to depend on informal employment that is usually inconsistent, underpaid, and lacks the necessary provision of healthcare, retirement savings, or legal insurance (Chen et al., 2002; Ugargol & Parvathy, 2023). This economic precariousness not only restricts short-term economic stability but also impairs the subsequent chance at social mobility and accretion of wealth.

To address these issues, the gig economy has been identified as revolutionary, where there is a form of work delivery in a short-term and flexible manner, which is mediated via digital platforms (Lin & Zhang, 2023; Novitz, 2021; Stopforth, 2023). The platforms also match the workers with the tasks that can include ride-sharing and delivery jobs, as well as freelance digital work, and may not necessarily need any formal qualification or front-end investment. The gig economy offers a different avenue through which individuals do not have access to structured work through a system capable of producing immediate returns. Nonetheless, although the gig work model has been attractive to many because of its flexibility and accessibility, the model is not devoid of difficulties such as income insecurity, severe lack of labor protection, and source of dependence on digital literacy and use of platforms.

Along with such a change in the labor force is the sudden acceleration of digital payment options, which are transforming the way gig economy workers handle their incomes. Use of digital payments facilitates safe, real-time, auditable income transfers and lessens dependency on cash and informal financial sources (Putrevu & Mertzanis, 2024a). What is more, these systems give access to expanded financial services such as microloans, savings schemes, and insurance, which expand financial inclusion and provide mechanisms that may contribute to long-run economic resilience. When used together with gig work, digital payments can solve some of the systemic challenges that excluded marginalized groups in the past, to work toward a better financial position.

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