

COMPARATIVE ANALYSIS OF DECISION-MAKING PROCESSES IN THE TRANSFORMATION OF DIGITAL PAYMENTS

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Abstract: *This paper examines digital transformation through the application of payment models and decision-making processes of two key actors: small business owners (hospitality entrepreneurs) and end users (guests). The focus of the research is a traditional hospitality establishment, the restaurant “Šadrvan kod Jonuza” in Novi Pazar, which represents an authentic economic and cultural symbol of the region. The study analyzes the complex dynamics of decision making by drawing a parallel between global standards and the specific local modalities of microbusiness operations. The methodology is based on the case study approach, supported by surveys conducted on a sample of the local population and members of the diaspora, in-depth interviews with management, and direct observation. The main hypothesis (H0) states that the successful transformation of digital payments in traditional microbusinesses does not primarily depend on technological infrastructure, but rather on an adaptive decision-making process that integrates digital efficiency with the local system of trust. The findings indicate that the digitalization of payment transactions in local brands does not result in a loss of authenticity, but*

rather strengthens their market position. The results confirm that the decision-making process evolves toward a hybrid model in which technology (digital code) functions as support rather than a substitute for traditional values and personalized service. The final findings suggest that a complete transformation requires overcoming the gap between technological determinism and local mentality, with digital payment emerging as a key factor in building loyalty among younger generations of consumers.

Key words: *Digital transformation, cashless payment, decision making, consumer behavior, hospitality management, hybrid payments.*

JEL classification: *O33, D81, L83, M21*

1. INTRODUCTION

The contemporary global economy is undergoing processes of profound digital transformation, in which technological solutions are no longer perceived as an option but as a primary condition for market sustainability. Furthermore, artificial intelligence not only facilitates the adoption of

digital solutions but also enhances energy efficiency within the green economy, as demonstrated in research conducted by Mehmedi, Todosijević, Siljković, and Vujović (2025), highlighting that AI-driven optimization contributes to structural sustainability and economic development beyond traditional sectors. A particular challenge within this context arises in hospitality establishments operating in traditional environments. While global trends increasingly promote the transition toward a cashless society, this process in Serbia encounters specific socio-economic characteristics that shape the functioning of its economy. Despite the global diffusion of digital payment methods, coordinated institutional action and education are essential for a successful transition to a cashless society, as payment digitalization itself cannot overcome entrenched socio-economic barriers without them (Siljković, Mehmedi & Bajramović, 2025).

The research context is focused on the hospitality sector, which represents the backbone of local entrepreneurship in cities with a strong cultural identity, such as the selected city of Novi Pazar, a place characterized by a rich mixture of Balkan cultures and traditions. Digital transformation in this sector does not simply involve the introduction of new hardware, but rather a deeper change in the operationalization of business processes through models such as the P2 D2 operational framework, which corresponds to the digital standards present in European Union economies. The research problem lies in the evident gap between the high technological availability of modern payment systems, such as the Instant Payment System (IPS) of the National Bank of Serbia, contactless cards, and e-banking services, and their relatively limited use in establishments that have relied on a cash-based economy for decades, as is typical for the selected hospitality establishment in the city of Novi Pazar. In such environments, cash payment is not merely an economic transaction but part of a broader social ritual based on personal trust and direct interaction. This cultural pattern generates a relatively high level of resistance to digital innovations. The specific object of the study is the renowned restaurant “Šadrvan kod Jonuza” in Novi Pazar. This establishment was not chosen randomly. It represents an authentic economic and traditional symbol of the region, positioned at the intersection between local identity and the expectations of a modern clientele. A particularly significant role is played by the diaspora, which during the summer months introduces Western habits of digital payment that directly interact with the traditional model of cash-based trust. In this context, “Šadrvan” becomes an ideal environment for observing and analyzing a hybrid payment model adopted by the restaurant’s management

within the framework of traditional gastronomy in Novi Pazar. Accordingly, the study is designed as an exploratory case study aimed at connecting consumer payment preferences, managerial decision-making and local socio-cultural factors that influence the adoption of digital payment models in traditional hospitality businesses.

The objective of this study is to identify and analyze the key factors influencing the owner’s decision to digitalize payment transactions, as well as the motivations of guests to use such tools in an environment where traditional behavioral norms dominate. The study seeks to answer the following question: Can digital technology coexist with the traditional concept of merak without undermining the authenticity of the brand? Through the analysis of this case, the paper provides broader insight into the processes of digital operationalization that may be applicable to similar traditional business ecosystems across Southeast Europe, particularly in cities with comparable socio-cultural characteristics in Serbia, using the case study of the restaurant “Šadrvan kod Jonuza” in Novi Pazar.

2. LITERATURE REVIEW

The theoretical framework of digital transformation in the hospitality sector has evolved from a narrow focus on technological infrastructure toward a broader analysis of psychological, cultural, and religious determinants of decision-making processes. Contemporary research frequently highlights the P2 D2 operationalization model explored (Lagumdžija, A. 2023), which suggests that digital transformation is not a linear process but rather the result of interaction between technological readiness and deeply rooted social habits. In addition to these determinants, the present study introduces the influence of religious components reflected in the coexistence of Islamic and Orthodox behavioral patterns in financial practices. Within this context, the Orthodox Christian approach to finance, as described (Stefanović, P. (2025), emphasizes the concept of the “economy of service”, in which money loses its function as a source of power and becomes a tool for achieving the common good. Consequently, the transition toward digital finance in traditional environments is not interpreted solely through the lens of technological progress but also through the preservation of honesty and fairness in transactions. From the perspective of Orthodox ethics, contactless payment can be accepted if it contributes to transparency, provided that technology does not replace personal relationships and trust among individuals.

A central issue in the literature, particularly in research conducted by the World Bank through the

work of Demirguc-Kunt, A., & Klapper, L. (2025). is the so-called Resistance Index. This phenomenon is defined as the level of conscious or subconscious rejection of digital innovations in environments where the cash economy is associated with perceptions of security and privacy. Studies in Southeast Europe indicate that in traditional hospitality establishments, such as those in Novi Pazar, the introduction of cashless payments often encounters initial resistance because the digital trace of transactions is perceived as undermining traditional discretion and the cultural notion of *merak*.

Conversely, the theory of hybrid trust proposed (Varian, H. R. (2025) emphasizes that digital transformation in traditional businesses should not be radical or technologically deterministic, but adaptive. For microbusinesses, it is essential that digital tools such as QR codes, IPS systems, and NFC technology serve primarily as logistical support, while the “face of the business” remains faithful to tradition. Another important segment of the literature addresses the role of diaspora communities as catalysts for digitalization. In developing countries, return migration flows often place pressure on local businesses to adopt Western standards of cashless lifestyles, thereby directly reducing the local resistance index and accelerating convergence with European Union digital standards. In this context, it has been argued that cashless systems in hospitality eliminate what is often described as “transactional anxiety,” allowing guests to remain in a state of enjoyment or *merak* until leaving the establishment, without the interruption of social interaction caused by the physical counting of cash. This raises an important question relevant to the restaurant “Šadrvan kod Jonuza”: Does digital payment disrupt the experience of *merak*? Contemporary literature suggests that uncertainty surrounding payment disrupts the experience more than technology itself. Therefore, the objective should be to establish an optimal balance between the economic concept of *merak* and the cashless payment model.

Recent data presented by (Demirguc-Kunt, A., & Klapper, L. (2025). indicate that in 2024 the number of digital banking users in Serbia exceeded 4.7 million, creating a critical mass of consumers who expect digital operationalization even in the most traditional environments. Comparative analysis from the study (Todorović i sar., 2025). on the economies of the former Yugoslavia confirms that Slovenia is the regional leader in contactless payment adoption with a rate of 94 percent, followed by Croatia with 82 percent, Serbia with 74 percent, Montenegro with 68 percent, North Macedonia with 61 percent, and

Bosnia and Herzegovina with 55 percent. These figures are highly relevant for local businesses because they demonstrate that the digital gap between regional leaders and Serbia is gradually decreasing. This development creates increasing pressure on establishments such as the restaurant “Šadrvan kod Jonuza” to adapt to the standards expected by both domestic and international guests. Among EU economies historically connected to the region, Slovenia has achieved the most advanced operationalization of e-wallet payments in retail, according to (Vidović, M. i sar. (2025), with approximately 1.75 million users, representing 92 percent of the adult population. In comparison, Serbia records more than 4.75 million e-banking users (82 percent), Croatia 3.10 million (88 percent), North Macedonia 1.05 million (64 percent), and Montenegro approximately 0.38 million users (72 percent of the adult population).

Turning to practical applications, authors such as Čolović (2025) emphasize that hospitality brands capable of integrating digital payment systems, such as the Serbian Instant Payment System (IPS), without losing their authenticity achieve significantly higher loyalty among younger generations, particularly Generation Z and Millennials. For these demographic groups, digital accessibility is not merely a technical convenience but a symbol of transparency and modern business practice, where the speed of transaction is perceived as respect for the customer’s time. Empirical confirmation of this thesis can be found in studies conducted in Croatia and Slovenia, markets that earlier underwent full fiscalization and mass adoption of digital payments in tourism. In Croatia, research has focused on how digital tools influence service quality and how younger consumers perceive establishments that maintain exclusively cash-based operations. Horvat (2024) highlights a significant shift in perception among modern consumers, stating that the introduction of contactless and mobile payment platforms in traditional hospitality establishments directly correlates with the perception of modernity and transparency of the brand. For younger generations, particularly Generation Z, the inability to make digital payments in restaurants is no longer interpreted as preservation of tradition but rather as an administrative barrier that undermines the user experience and raises doubts about the fiscal responsibility of the establishment. Such a transformation does not affect only local business operations but also touches upon broader issues of social transparency. If we observe the best regional practices, Slovenia stands out as a leader in the field of cashless initiatives, where researchers emphasize the economic justification of digital payment systems for small businesses. One of the most illustrative examples of the

advantages of digitalization is presented in the study by Kovač (2025). The author notes that “the digital operationalization of payment processes in small family businesses (SMEs) results in a 12 percent reduction in operational errors and an increase in average spending per table, as digital channels eliminate the psychological barrier of ‘physical spending’ of money, which is crucial for maintaining loyalty among technologically aware guests.

The research results obtained in Novi Pazar correspond with the findings of Petrović (2026), who, based on a sample of 1,200 respondents from the Western Balkans, identifies a significant generational gap in the context of digitalization within the hospitality sector. The author concludes that “the success of digital transformation in hospitality is not measured solely by the number of installed terminals, but by the degree of reconciliation between technological efficiency and traditional hospitality.” This gap is particularly visible in Novi Pazar, where digital accessibility among younger respondents reaches as high as 92 percent, while the older population largely remains loyal to traditional methods of payment.

In addition to technological factors, the literature increasingly emphasizes the concept known as the psychology of painless payment, often referred to as the “pain of paying.” Research in the field of behavioral economics suggests that the transition from cash to digital payment media reduces the psychological resistance associated with spending, which is particularly relevant for hospitality establishments characterized by a high level of personalized service, such as “Šadrvan.” Ariely and Simon (2024) argue that the digitalization of payment transactions in traditional environments allows guests to focus on the hedonic experience of enjoyment, commonly referred to in the local context as *merak*, while the transaction itself takes place almost invisibly in the background. As they explain, people in traditional environments often prefer cash because digital money appears abstract. Psychological analyses of the transition toward a cashless society indicate that digital money reduces the so called pain of paying, making transactions less emotionally tangible. Although digital platforms increase efficiency, they simultaneously alter the cognitive perception of value, because the absence of physical banknotes reduces the immediate sensation of losing wealth. This may lead to higher levels of spending, but also to a perception of reduced control over personal budgeting.

If these insights are connected with the environment in which the restaurant “Šadrvan kod Jonuza” operates in Novi Pazar, relevant observations can also be found in the work of Al-

Khoury (2024), who examines digital payments and financial trends in developing Islamic societies. In his analysis of the transition from cash to fintech technologies in traditional communities, the author notes that Muslim consumers in traditional societies historically preferred cash as a means of preserving privacy and avoiding interest based systems typical of conventional banking. However, with the introduction of debit based digital solutions, such as instant payment systems or debit cards that do not generate debt, trust in digital transactions gradually increases because they are perceived as a modernized version of direct hand to hand exchange.

In traditional environments such as Novi Pazar, preferences change through the following factors:

a. Debit vs. credit cards: Based on anonymous interviews, residents of Novi Pazar show a stronger preference for debit cards and instant payment solutions than for credit cards. This preference can be explained by the fact that debit-based payment relies on the funds already available in the account, while credit cards are often associated with interest, debt and additional financial obligations. From the perspective of the restaurant “Šadrvan kod Jonuza”, IPS or QR-code payment is therefore particularly suitable because it enables a direct transfer of funds without deferred payment or interest.

b. Permissible, transparent and precise payment economy: Digital payment may be perceived as a more transparent and precise form of transaction because it reduces the possibility of errors when returning change and allows the guest to verify the exact amount before confirming payment. This corresponds to the broader ethical principle of fairness in trade.

c. The relationship between the owner and guests from the diaspora: Visitors from Turkey and Western European countries, who represent an important group of guests during winter holidays and the summer season, are already accustomed to debit cards, instant payment systems and mobile wallets. Their payment habits create practical pressure on local hospitality businesses to provide digital payment options while preserving the traditional character of service. In this sense, digital payment in “Šadrvan” could strengthen transparency, since the guest clearly sees the exact amount on the terminal or mobile screen before confirming the transaction.

In practical terms, the relevance of the reviewed literature can be observed through the question of how digital payment transformation may be applied in the restaurant “Šadrvan kod Jonuza”. Although pressure from the diaspora accelerates the adoption of digital services, research cited by

Miljković (2025) indicates the presence of “digital conservatism” in cross-border regions of the Balkans. This phenomenon is reflected in the hesitation of small business owners to completely abandon the cash model, not necessarily because of insufficient knowledge, but because of the desire to preserve direct control over financial flows. Hence, we have the phenomenon of “digital conservatism,” meaning that the three phases of the digital payment transformation can be outlined as follows:

a) Infrastructural phase: Installation of POS terminals and QR codes (IPS).

b) Psychological phase: Overcoming the fear of owners and guests of “invisible” money.

c) Cultural phase: The cultural phase represents the transition from viewing digital payments as cold and transactional to embracing them as a natural extension of local hospitality and mutual respect.

- Infrastructural phase (Technology): Refers to acquiring and setting up the technical equipment. This is the practical first step where hardware and systems (POS terminals, QR codes) are introduced to make cashless payments possible in the first place.

-Psychological phase (Emotions and overcoming fear): Refers to shifting the mindset and breaking down mistrust. In this phase, owners and guests must overcome their discomfort and fear of “invisible” money, accepting that funds on a digital account are just as real and secure as cash in a wallet.

-Cultural phase (Habit and social acceptance): Refers to integrating technology into daily life and customs. This is the moment when digital payment stops being a “necessary evil” or a cold transaction, and instead becomes a completely natural, customary part of traditional hospitality and mutual trust. In short: The first phase provides the tools, the second conquers the fear, and the third builds the new habit.

3. RESEARCH METHODOLOGY

Research design

The methodological framework of this research is based on a descriptive-analytical approach and a case study method focused on the restaurant “Šadrvan kod Jonuza” in Novi Pazar. The case study approach was selected because the research examines a specific traditional hospitality establishment in which payment habits, local trust, consumer behaviour and managerial decision-making are closely interconnected. This approach is appropriate for analyzing digital payment transformation in a real business environment,

where technological, psychological and socio-cultural factors interact simultaneously.

The main objective of the methodological design was to examine how different groups of consumers and business decision-makers perceive the transformation of payment methods from cash-based transactions toward digital and hybrid payment models. In accordance with this objective, the research combined quantitative and qualitative methods in order to obtain a more comprehensive understanding of the observed phenomenon.

Research instruments

Data collection was conducted between June 2025 and January 2026. The research was based on three complementary techniques: a structured questionnaire, semi-structured interviews and direct observation. This methodological triangulation enabled the authors to compare the attitudes of guests, the views of management and staff, and the actual payment-related practices observed in the selected hospitality environment.

The structured questionnaire consisted of 15 items divided into four thematic sections. The first section referred to the basic profile of respondents, especially age group and respondent category. The second section examined payment habits, including the use of cash, payment cards, mobile wallets and m-banking applications. The third section measured trust in digital payment technologies through a five-point Likert scale, where 1 indicated a very low level of trust and 5 indicated a very high level of trust. The fourth section examined motivational factors for using cashless payments, including discounts, security, speed, convenience, preservation of tradition and the influence of the diaspora.

Semi-structured interviews were conducted with management and staff in order to examine the decision-making process related to the possible introduction and acceptance of digital payment models. The interviews focused on perceived barriers, operational costs, guest expectations, trust in payment infrastructure and the need to preserve the traditional identity of the restaurant. Direct observation was used as a complementary method in order to identify visible payment-related practices, guest behaviour and the presence or absence of digital payment symbols and options in the observed environment.

Sampling procedure

The research was conducted on a total sample of N = 60 respondents. Due to the exploratory nature of the study and the focus on one selected hospitality establishment, the sample was formed using a combination of convenience and purposive sampling. Convenience sampling was applied to

guests who were available and willing to participate in the survey, while purposive sampling was used for management and staff because of their direct role in decision-making processes related to payment methods.

The sample was divided into three strategic subgroups: local and regional population (n = 30), diaspora (n = 25), and management and staff (n = 5). The first subgroup included permanent or occasional guests from Novi Pazar and neighbouring areas, including Raška, Kosovska Mitrovica, Leposavić and Kraljevo. The second subgroup included visitors living and working abroad, primarily in Germany, Switzerland, Austria, the United States and Canada, whose payment habits reflect international consumer practices. The third subgroup consisted of key decision-makers and employees of the restaurant, selected in order to obtain qualitative insight into operational and managerial aspects of digital payment adoption.

Data analysis

Quantitative data obtained through the questionnaire were analyzed using descriptive statistics.

The analysis included frequency distributions, percentages and average values, particularly in relation to age groups, dominant payment methods, use of mobile wallets, m-banking applications and the trust index in digital payment technologies. The results were presented in tables and figures in order to show differences between respondent groups and identify the main trends in payment behaviour.

Qualitative data obtained through semi-structured interviews and direct observation were analyzed using thematic analysis. The analysis focused on recurring themes such as trust, tradition, perceived security, resistance to “invisible money”, the influence of the diaspora and the need for a hybrid payment model. These qualitative findings were used to interpret the quantitative results and to explain why certain groups continue to prefer cash despite the availability of digital payment technologies.

Research limitations

The main limitation of the research is the relatively small sample size and the focus on a single case study, which limits the possibility of generalizing the findings to the entire hospitality sector in Serbia. In addition, the use of convenience sampling may have influenced the representativeness of the results, since respondents were selected based on availability and willingness to participate. Another limitation is related to the local socio-cultural specificity of Novi Pazar,

where payment habits are strongly influenced by tradition, diaspora connections and local trust. Therefore, the findings should be interpreted as exploratory and context-specific. Future research should include a larger sample, several hospitality establishments and a comparative analysis between different cities and regions.

4. RESEARCH RESULTS AND DISCUSSION

This section presents the empirical findings obtained through the survey, semi-structured interviews and direct observation conducted within the case study of the restaurant “Šadrvan kod Jonuza” in Novi Pazar. The results are organized according to the main research objectives and focus on payment preferences, trust in digital payment technologies, generational differences, the role of the diaspora and the managerial perspective on the adoption of a hybrid payment model.

The analysis of the collected data indicates the emergence, although still only in outline, of a specific hybrid payment model that combines modern payment methods with traditional service in Novi Pazar.

The results suggest that younger generations are leading the process of digitalization, while the middle generation (35–45 years) continues to retain cash as the primary means of payment, but shows a high level of adaptation to mobile wallets through cards and mobile phones.

When it comes to generational preferences regarding payment methods, the most pronounced contrast was observed between the youngest group of respondents and those in their full working age, as well as older individuals. While the group aged 18–25 almost completely eliminates physical money, the group aged 35–45 retains cash as a “security” mechanism.

The group aged 45–55 possesses m-Banking services (primarily for paying household bills from home such as Infostan, MTS, EPS and similar services), but in restaurants they hesitate to use them in front of others due to the fear that the transaction might “not go through” or that they might “delay the line,” which could undermine their social authority.

Respondents older than 55 years in “Šadrvan” state that when paying by card they “do not have a clear sense of how much they have spent.” For them, the only truly visible indicator of spending is the wallet that becomes either fuller or emptier, functioning as a direct controller of cash flow that they prefer. The older population among the surveyed guests in “Šadrvan kod Jonuza” relies almost exclusively on cash payments.

Table 1. Dominant payment method by age groups (N = 60)

Age group	Cashless (Cards/Phone)	Cash	Trust Index in: mobile wallet, cards and digital code
18–25	86%	14%	High (4.8/5)
25–35	70%	30%	Medium-High (4.2/5)
35–45	35%	65%	Medium-High (4.2/5)
45–55	15%	85%	Medium (3.5/5)
55–65	8%	92%	Medium-Low (3.0/5)
Above 65	Less than 5%	95%	Low (2.1/5)

Source: Authors' calculation based on survey results (2026).

Based on the table above, three key zones of adaptation in “Šadrvan” can be defined.

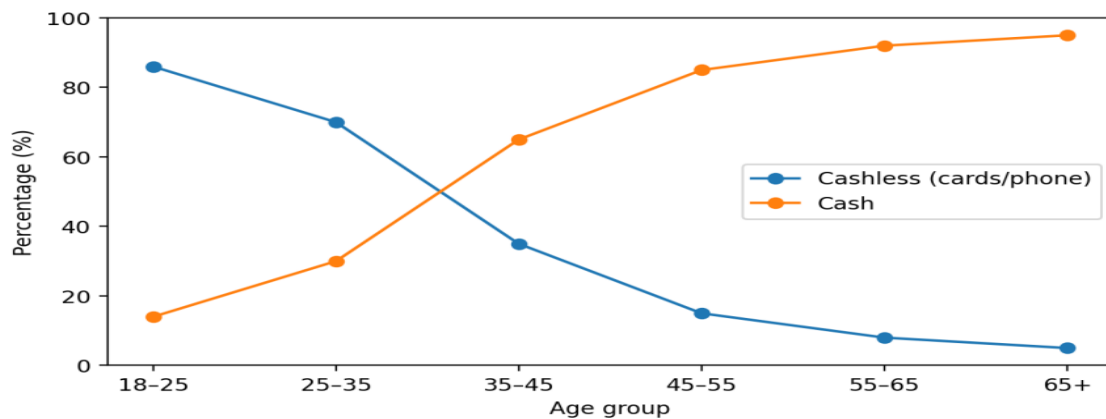
a. Zone of digital dominance (18–35 years): In this group, cashless payment (86% and 70%) is not merely an option but a standard. The trust index (4.8) is nearly at its maximum, indicating that this group places greater trust in software systems than in paper money.

b. Zone of transition and “merak” (35–45 years): This is the most interesting group. Although they demonstrate a relatively high level of trust in

technology (4.2), they deliberately choose cash (65%). This confirms the thesis that in Novi Pazar the choice of payment method is not only a technical issue but also a social one.

c. The “oldest” zone of digital resistance (45–65+ years): In this segment, cash maintains more than 85% of the share. Among the population older than 65 years, digital payment (less than 5%) is perceived as a foreign element that disrupts the traditional ritual of visiting a restaurant, čevabdžinica, pastry shop, or kafana.

Chart 1. Dominant payment method by age groups



Source: Authors' calculation based on survey results (2026).

The figure shows that the lines intersect in the 35–45-year-old group. This group represents a critical segment of guests who are familiar with both

payment methods, but at this stage the psychological balance shifts in favour of cash. This confirms that payment behaviour in Novi Pazar is

shaped not only by technological access, but also by habit, perceived control and social context.

Chart 2. Trust index in modern payment technologies in Novi Pazar

Age Group	Trust Index (Visual Bar)	Rating
18–25		4.8
25–45		4.2
45–55		3.5
55–65		3.0
65+		2.1

Source: Authors' calculation based on survey results (2026)

Considering the current state of digitalization based on the study by Jovanović, Drenovak i Slavković (2025), using data collected from Serbian banks, a high percentage of mobile payment app usage for bill settlement is recorded, ranging from 75% to 85%. The assessment indicates that this is a case of “reactive digitalization.” Users have adopted the digital tool, but not yet the so-called permanent digital mindset, which has been present for a long time in Slovenia and Croatia. Low levels of trust in AI advisors (19%) and Open Banking (34%) further suggest that in Serbia the need for human oversight over finances still dominates, which is a direct consequence of historically rooted mistrust in financial institutions.

At the local level of our study, beyond mere usage percentages, the trust index is crucial because it shows that people believe in technology, but do not always act on it. These data directly confirm that the technological infrastructure for payments exists in Novi Pazar, becoming increasingly visible, especially in large retail outlets such as Maxi, Idea, Sport, and other stores of varied purposes (Apple Pay being the most used), but the decision-making process relies on an adaptive system balancing efficiency and tradition according to the responses from the guests of the restaurant “Šadrvan kod Jonuza”. According to the owner, Jonuz, this means: it is necessary to have a terminal for the younger guests and Apple Pay, slightly less for Google Pay and mobile banking according to the survey results, but cash must also be ready for their siblings, mothers, fathers, and relatives (age group 35–45 years).

An interesting finding from the survey in the restaurant “Šadrvan” is that in the 18–45 age group, the difference in the use of advanced mobile technologies disappears. Although the 35–45 group prefers carrying cash, they use mobile

banking just as frequently as the younger guests, as a wallet for checking balances or using Apple Pay/Google Pay when deciding on a digital transaction or making a payment to someone.

Table 2. Use of mobile wallets (Apple Pay/Google Pay) and m-Banking)

Age Group	M-Banking applications	Mobile wallets (Apple/Google Pay)	Key Characteristic
18–35	92%	78%	“Digital natives” – phone is the primary tool in life; younger Generation Z.
35–45	90%	74%	High adaptation to modern conditions with a focus on efficiency.
45–55	60%	42%	Use applications pay via phone in restaurants or cafes; taxes, etc..
55–65	55%	20%	Transitional group; prefer physical cards.
Above 65	20%	8%	Digital resistance; trust exclusively in cards or mostly cash.

Source: Authors' calculation based on survey results (2026).

From the table above, the decline in mobile wallet usage (Apple Pay/Google Pay) is clearly visible: this trend decreases exponentially. While m-Banking requires trust in the software, mobile wallets require changing a decade-long habit of pulling a card from a wallet. Resistance to m-Banking: even in the 55-65 age group, more than half of respondents use m-Banking. The reason is the convenience of paying bills from home (Infostan, electricity) via QR code, which has become standard even for older users. There is a clearly observable correlation between age and non-use of mobile wallets, which is extremely high, indicating that age is a direct barrier to adopting this modern technology.

A very important detail in this survey analysis, as shown in the table below, is the perception and habits of guests, with results demonstrating a clear awareness among respondents of the necessity of modernization while preserving the traditional spirit. It is particularly interesting that discounts and the influence of the diaspora play a key role in changing habits and supporting the adoption of modern technologies. The diaspora acts as a primary educator: the results confirm that diaspora pressure is not only financial but also cultural.

They bring standards of speed that local guests begin to emulate.

Table 3. Guest behavior and observations at the „Šadrvan“ restaurant

Research question	Response (Majority/Average)	Interpretation
Have you visited the Šadrvan restaurant?	Yes (100%)	Sample validity confirmed
Did you pay in cash at Šadrvan?	Yes (97%)	Cash still dominates practice in this restaurant.
Have you noticed displayed symbols (Visa/Master) in Novi Pazar?	Yes (85%)	Visual awareness of digital options-our recommendation is that they should always be clearly visible.
Impact of diaspora on digitalization?	Yes (94%)	The diaspora visiting Novi Pazar during summer overwhelmingly attempts to use Apple and Google Pay.
Support for a hybrid model (Modern payment + Tradition)?	Yes (98%)	Key to preserving authenticity, history, and culture.
Importance of card choice (Scale 1–5)	4.2 / 5	High importance of freedom of choice.

Source: Authors' calculation based on survey results (2026).

The following table illustrates the reasons why guests might give up cash and their long-term intentions, based on survey responses. The main insight from the responses clearly shows that, unlike Western contexts where “speed” is the primary motivator, in Novi Pazar, discounts are the most effective tool for driving digital transformation. Even a symbolic saving through digital payments significantly reduces resistance to technology.

The hybrid model, combining traditional cash payments with digital options, emerges as imperative according to the survey results – the success of the “Šadrvan” restaurant would not depend on eliminating cash, but rather on providing freedom of choice. Guests are thus able to choose between tradition (cash) and

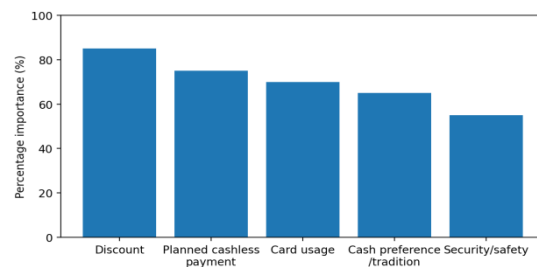
modernization (Apple Pay, Google Pay), enabling gradual adaptation while preserving the authentic restaurant experience.

Table 4. Motivation for using cards and attitude toward cash in the short term

Question Variable	Dominant Response	Reason Motivation
What would motivate you to use a card?	DISCOUNT	Economic benefit takes precedence over speed and security.
Do you plan to use cashless payments?	YES	Growth trend observed across all generations in Novi Pazar.
Should cash payments be retained?	YES	Due to tradition, tipping, and sense of control.
Main advantage of potential card use in the “Šadrvan” restaurant?	Security / Discount	Reduces the risk of carrying large amounts of cash.

Source: Authors' calculation based on survey results (2026).

Chart 3. Motivation for using cashless payments and attitudes toward cash



Source: Authors' calculation based on survey results (2026).

CONCLUSION

Based on the surveyed data from guests of the restaurant “Šadrvan kod Jonuza” and the specific characteristics of the Novi Pazar market, it can be concluded that digitalization in this local environment does not primarily face a problem of technological illiteracy, but rather deeply rooted traditional habits and the economic logic of local businesses. Novi Pazar is currently in a transitional phase in which the intention to use digital tools is increasing, especially among younger consumers and members of the diaspora, while actual adoption remains limited by the lack of direct incentives. The results indicate that cash is still

perceived as a mechanism of financial security and personal control, particularly among older respondents and consumers with stronger traditional payment habits.

A key recommendation is to make strategic use of the diaspora effect. Members of the diaspora already possess strong habits related to Apple Pay, Google Pay, debit cards and instant payments, and they may act as practical drivers of change in local hospitality. Therefore, targeted campaigns during summer and holiday seasons could encourage the use of digital payment options. For older consumers, education should focus on safety, control and reliability rather than on technological trends, emphasizing that cards and mobile payment applications can be blocked or protected more easily than lost cash.

The main implication of this study is that local businesses in Novi Pazar should not replace cash abruptly, but should introduce a hybrid payment model based on freedom of choice. First, visible “card discount” signage may be used as a promotional strategy to stimulate initial use of cashless payments. Second, banks operating in Novi Pazar should support solutions such as tips via terminal in order to reconcile local hospitality practices with modern payment technology. Third, the city administration could support the digitalization of public markets, local wholesale centers and taxi services in order to introduce digital payments into everyday micro-transactions. The scientific contribution of this paper lies in identifying a hybrid payment model in which digital payment technologies do not replace local tradition, but function as a complementary mechanism that increases efficiency, transparency and consumer choice while preserving the authenticity of traditional hospitality.

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