FINTECH ADOPTION AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs), UGANDA

A CASE OF MUKONO TOWN, UGANDA

BY

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S21B05/002

A DISSERTATION SUBMITTED TO THE SCHOOL OF BUSINESS AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF A BACHELORS DEGREE IN BUSINESS ADMINISTRATION OF UGANDA CHRISTIAN UNIVERSTIY.

AUGUST 2024

DECLARATION

I NAMULWANA IRENE SSUUBI declare that the information in this dissertation is based on my knowledge and also knowledge from other researchers or scholars works and research that I have carried out during my time at the university. Therefore, I declare that this dissertation is not a duplicate of other students work. I have personally carried out the research as required of me and all the information in this dissertation is based on my research and the knowledge, I gathered from other researchers works.

Signature .....Date..12th/08/2024

APPROVAL

This is to satisfy that the dissertation of NAMULWANA IRENE SSUUBI was reviewed and approved by;

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TABLE OF CONTENTS

ABSTRACT

This present study investigates how the adoption and performance of FinTech have impacted SMEs in Mukono. So far, SMEs are still at a low awareness level about FinTech and have financial constraints. The paper is therefore founded on the subsequent research objectives; To identify the key drivers of fintech adoption among SMEs, to explore the challenges faced during fintech adoption among SMEs E, to analyze the effects brought about by fintech adoption among SMEs, and to examine the connection between SME financial performance the adoption of fintech. The Unified Theory of Technology Acceptance and Use UTAUT2 the Technology Acceptance Model TAM directed the theoretical frameworks.

It used a quantitative approach to data analysis and a survey design. The study population consisted of forty-five SMEs that were active in Mukono. To collect data, a questionnaire was used with a sample size of thirty respondents. In terms of data gathering, the researcher carried out the pilot study. By using Cronbach's alpha coefficient, we made sure the data was thoroughly reviewed for reliability and validity. Descriptive statistics like percentages and frequencies were used in the analysis. Tables and figures were used to present these. With a correlation coefficient of 0.873, significant at $p < 0.01$, the attributes of fintech adoption and SME performance showed a positive and strong correlation. Regression study revealed that, with a standardized coefficient of Beta = 0.381, attitudinal traits had the largest impact on performance followed by behavioral attributes Beta = 0.306, adoption attributes Beta = 0.272 and intention to use Beta = 0. 191.

Thus, it suggests that creating a favorable attitude towards the adoption of fintech in the operations of SMEs is indispensable to improving their performance. In the end, fintech has been found to have a significant impact on improving the performance of SME's. More significantly, it was found that two key behavioral characteristics perceived utility and simplicity of use were high end adopters of fintech. However, a positive outlook on fintech's and strong intents to employ them were so significant that they ended up playing a significant role in enhancing the performance of SMEs. The study also takes into account essential elements that will promote or enable widespread dissemination among SMEs, such as perceived utility and ease of use.

CHAPTER ONE

1.0 Introduction

This chapter provides an overview of the study's background, statement of the problem, objectives and research questions. Further details about the study's justification and significance are provided.

1.1. Background of the Study

The banking sector has seen numerous advancements and adjustments over the past ten years. Within these ten years, traditional banking has changed a lot, while completely new concepts of financial services also emerged. The innovations occurring within the technological world have caused radical structural shifts within the method of financial service provision. According to Verma et al. (2023), technology is a big channel in the financial sector; this would also provide an opportunity for them to investigate how far the provision of better experiences and convenience can be extended to consumers. However, this omnipresence of such innovations-termed financial technology, or 'fintech'-puts traditional banking and other financial intermediaries into question, according to McWaters et al. (2018) and Edo et al. (2023). It further suggests that the inclination for consumer involvement is increasingly shifting towards fintech services, predominantly in the realm of payment-related services, according to the views of Coffie et al. (2021) and Nurqamarani et al. (2021). Therefore, developments discussed above have created a demand to incorporate financial technology-service aka fintech services into organizations to maintain competitiveness. To integrate financial technology services, it becomes important that the financial sector develops comprehensive understanding of customer acceptance and adoption of technology in financial services (Santini et al., 2023). Fintech has introduced a massive change in the corporate world. The terms finance and technology are combined to form the phrase fintech. For businesses such as SMEs it opens up new possibilities (Nurqamarani et al., 2021). Peer to peer lending, payment settlement and crowdfunding are all considered forms of fintech, according to Hsueh and Kuo, 2017. peer-to-peer lending, on other hand is a platform, whereas crowdfunding refers to the procedure of gathering funds from a large number of individuals required to finance a project or business unit that involves an entire community. It facilitates effective financial flow and connects lenders and borrowers in order

to fulfill one another. Which links both lenders and borrowers to satisfy each other and provide efficient cash flow. Hsueh & Kuo, 2017 has noted that fintech is innovative in that all business lines can be readily integrated in to a single platform. Doubtless, Global Fintech Adoption Index, 2019, underlined that fintech adoption steadily grew from 16% in 2015 to 64% in 2019, and awareness of fintech is very high even among nonadopters. The outbreak of the recent pandemic, Covid-19, brought out the increasing need felt for digitization. With Fintech, operations across international financial services, businesses, and the economy generally have been made secure and remote. Mobile payment services are a constituent element of Fintech, reported as one of the major drivers in the adoption of Fintech among Ugandan firms, especially small and medium-sized ones. Presently, cashless transaction businesses are flourishing in this industry, as numerous fintech startups include Zofi cash, Ensibuko, Xente, Beyonic, Chap Chap, Tugende, and Asaak. Adoption of fintech among SMEs is also likely to be on an upward trajectory, since most of the non-users are already using the services of fintech. Empirically, while there are several studies on the determinants of fintech adoption, for example, Coffie et al. (2021), Ebrahim et al. (2021), Singh et al. (2020), tan & Leby Lau (2016), most studies conducted in the subregion have focused strictly on the adoption of fintech in the form of payment services. In failing to incorporate attitude towards use and intention to use, for example, as in Ebrahim et al. (2021), Singh et al. (2020), and tan and Leby Lau (2016), such studies could not appreciate their critical status in fintech adoption, at least against the theoretical framework of the Traditional Technology Acceptance Model. Despite being widely applied and popular at both research and practical points, empirical studies investigating this system have found inconsistent findings on the role of attitude in the relationship between perceived usefulness and perceived ease of use, as well as behavioral intention and actual use of the system (Balcázar & Rivas, 2021; Dwivedi et al. al., 2020; Davis, Venkatesh, and colleagues argue that attitude, at best, plays an incomplete mediating role in explaining behavioral intention or actual adoption behavior emanating from the association of salient beliefs-which are perceived usefulness and ease of use-and user acceptance (Davis, 1989; Singh et al., 2000), while existing studies such as Singh et al. However, their works were all about capturing the point of view of customers or consumers and not business owners.

Thus, it is important that a study be done to add more to the literature by exploring the perspective of businesses. This has served the study's theoretical foundation. While most scholarly research has concentrated on analyzing the direct effect of variables there on adoption, this study employs attitude towards usage and perceived usefulness as mediating variables to examine the indirect association of the variables with fintech adoption and use in Uganda. However, there has not been any well-defined narrow sco pe of research in Business & Management that could draw on perceived usefulness and intention to use as part of the consideration of mediating effects on the adoption of fintech. For instance, there is already a body of knowledge that shows a clear correlation between perceived utility and simplicity of usage, attitude toward use, and behavioral intention in relation to the adoption of fintech innovation services by SMEs (Adamek & Solarz, 2023; Balcázar & Rivas, 2021 Ebrahim et al., 2021, studying the direct and indirect influences of such variables, some of which acted as mediators, would greatly enhance understanding of technological innovation in the context of the study described in the next section. The research methodology is presented in the third section. The analysis of the findings is presented in the fourth section which concludes with the study's conclusions, limits and future directions.

1.2. Statement of the problem

Despite promising advantages to SMEs from the adoption of FinTech, there is still significant access to the various barriers in the adoption of FinTech solutions that restrain SMEs from attaining better financial performance and competitiveness. This slow pace of FinTech adoption by SMEs is consequently attributed to a number of factors such as lack of awareness, limited resources, and security concerns. Moreover, the effect of fintech adoption on SME financial performance still remains under-researched, at least for developing countries. Some of the studies have shown that this study also tries to explore the factors that influence fintech adoption among SMEs and their impact on their financial performance. SMEs face many challenges despite playing a very vital role. Statistics have shown that small business failures are high, as only 3 out of each 5 businesses survive beyond 5 months to one year after establishment, and of those surviving, 80% of them collapse before the fifth year from the World Bank in the year 2015. Most SMEs

operating in Africa are experiencing quite a number of challenges that hamper their performance and development. Adopting technology, therefore, provides an avenue through which SMEs can enhance performance and development, thus reducing failure rates. McEvily et al., (2014) argued that innovation is the key to foster competitiveness, higher profits, and higher productivity to unlock the potential of many SMEs. SMEs, therefore, need to adapt their business to innovative ways as well as new financial systems to maintain their sustainability and continued existence. It is thus alleged that technology serves as the backbone for all business successes in recent times. While technology has confronted the traditional setup of financial services, it has also managed to enhance overall organizational performance at both Chen et al. (2021) and Liu et al. (2021). Most of the researchers have mainly focused on attributes of fintech adoption from an individual user or customer perspective only. The issues were important because SMEs are so significant in the economic setup, and their performance in terms of finance has a reflection on economic growth and development. The study had aimed to address these issues in order to add to the already existing body of knowledge on the subject and provide valuable insight to assist SMEs in overcoming several barriers to fintech adoption that would, in turn, improve their financial performance.

1.3. The study's objectives

1.3.1. General Objective

This study's main objectives were to find out what influences SMEs to adopt fintech solutions and how such adoption affects their ability to compete, perform financially and run their businesses well overall.

1.3.2. Specific Objectives

The research was directed by the subsequent particular objectives;

To identify the key drivers of fintech adoption among SMEs in Mukono town.

To examine the challenges faced during fintech adoption among SMEs in Mukono town.

To examine the opportunities and benefits of fintech adoption among SMEs in Mukono town.

To analyze the relationship between the financial performance of SMEs in Mukono town and the use of fintech.

1.4. Research Questions

These are the research questions that were used to guide the study:
Which factors contributed most to the level of fintech adoption among SMEs? (we)
What are the primary obstacles that SMEs encounter when using fintech solution and what steps will be taken to overcome these obstacles?
In what respect does the adoption of FinTech bear on the competitiveness, innovation, and sustainability of the SMEs?
What impact does the use of fintech have on SMEs' financial performance?

1.5. Scope of the study

The following three components made up the study's scope and they include the content, geography and time.

1.5.1. Content Scope `

The adoption of fintech and organizational financial performance were the study's main foci. The purpose of the study was to determine the main factors influencing and impeding SMEs' adoption fintech, examine the impact of fintech adoption on SME competitiveness, innovation and sustainability, examine the connection between SME financial performance KPIs and fintech adoption. It examined organizational performance as the dependent variable and fintech adoption as the independent variable.

1.5.2. Geographical Scope

1.5.3. Time Scope

The study's time frame was from 2020 to 2024 since this is when the records indicate that the adoption of fintech was the highest in Mukono town.

1.5.4. Justification of the study

Finding out how the performance of SMEs is affected by the adoption of fintech was the main goal of this study. The research's rationale stems from the reality

that SMEs form the foundation of the majority of economies and as a result greatly enhance employment and innovation within the GDP. However, most of them face constraints in finance, which affects their little access to capital, high transaction costs, and lack of adequate instruments for financial management. In respect of Fintech adoption and its impact on SMEs' performance, the research is at a rather nascent stage, although it can effectively solve these problems. Various programs have been proposed to help small businesses, but less information has been published regarding how SMEs will adopt Fintech so that they can grow and manage their businesses.

During the Covid-19 pandemic, SMEs which adapted quickly to fintech were able to continue their businesses. Online businesses had a greater advantage compared to the offline ones since they continued and offline businesses faced problems as some stopped altogether. The purpose of this study was to close this knowledge gap and offer helpful insights to SMEs, Fintech providers, policymakers, and regulators.

1.7. Significance of the study

The study helped the following people;

1.7.1. Researchers and Academicians.

Such study results would add to professional expansion of existing knowledge on fintech adoption and SME performance for researchers and academics. This study would help future researchers and scholars by making available knowledge regarding the performance of SMEs and use of fintech.

1.7.2. Owners/Managers of SMEs in Uganda.

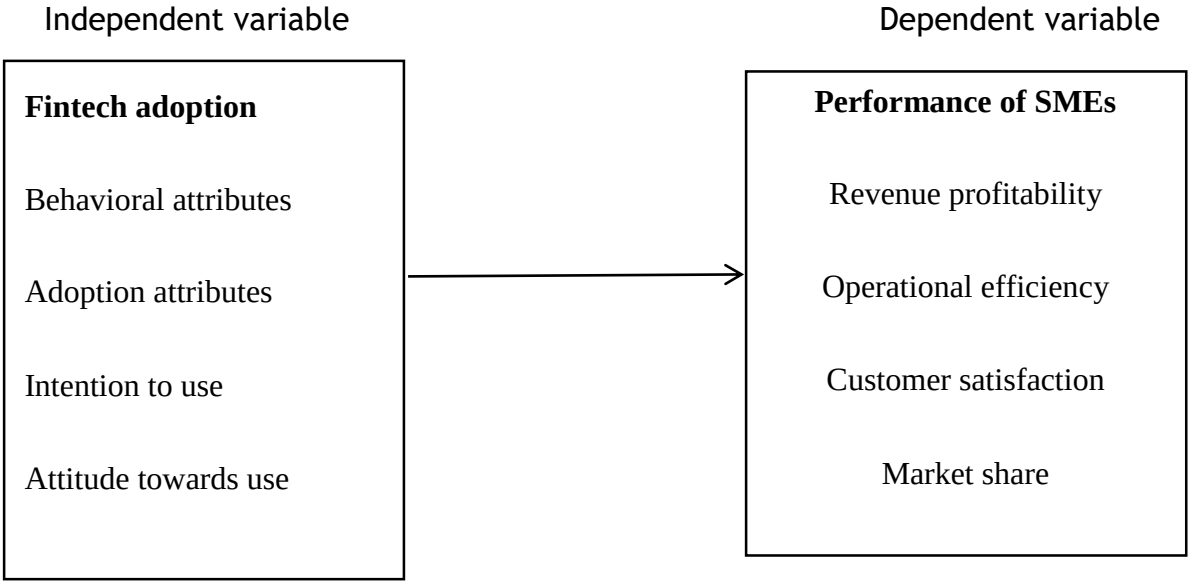
The research study would assist different SME owners and managers in adapting to different financial technology advancements, giving them better access to the market. It would also give them an edge over others by coming up with new products and accessing various new markets. This would moreover enable the proprietors to comprehend the significance of Fintech to their business; it would also help them cope with the growing development in financial technology and challenges associated with it.

1.7.3. Government of Uganda

Government officials and decision makers would obtain important knowledge on how fintech impacts SMEs' expansion. The report will be used to inform the creation of

disruptive technology policies. The decision makers will also be aware of the problems and lacunars that exist in their present framework and how this impacts the functioning of SMEs.

1.8. The conceptual frame work



CHAPTER TWO
LITERATURE REVIEW

2.0. Introduction

The chapter presented the review of various literatures to identify the literature gap the study sought to fill. This chapter, the researcher focused on the literature considering what other researchers and authors have said about Fintech adoption and performance by Small and Medium-Sized Enterprises, different types of FinTech adapted or used by SMEs whether they have contributed to their growth, and to the end. The chapter dealt with a review of related theoretical literature, empirical literature review, and the conceptual framework of the study.

2.1. Definitions of key variables

2.1.1. Behavioral attributes

2.1.2. Perceived usefulness

How much a person thought applying a technology would enhance the performance of a job, Perceived usefulness Davies, 1989; math wick et al., 2001; Verma et al. 2023, and 4 years Krah et al. Cost reduction and bureaucracy, Contreras Pinochet et al. 2019, and time-saving, Balcázar & Rivas 2021. In this regard, Vijayasarathy, 2004 explained that perceived usefulness denotes that the utilization of any given technology, would be able to assist an individual in achieving a particular outcome online. They also agree that López Nicolas et al. (2008) noted that "the system should be able to help the consumer do the job more easily, quickly and better. From the point of perception in adopting fintech, usefulness was defined by how well SMEs believe they can coordinate services into their daily activities Kleijnen et al. (2004) and how it could improve their transactions Chen (2008). According to Luarno and Lin (2005), the ultimate goal of users in using fintech is to find it useful. Perceived usefulness impact on behavioral intentions for the adoption of fintech services by geographically set scenarios has been empirically studied by Adamek & Solarz, 2023; Balcázar & Rivas, 2021; Ebrahim et al., 2021; Singh et al., 2020; Verma et al., 2023. With all types of FinTech services being used increasingly and their perceived convenience, the effect of perceived usefulness on the adoption of FinTech services becomes of scientific interest.

2.1.3. Perceived ease of use

Perceived ease of use according to Davis, 1989 referred to the degree to which an individual believed that the system would not be difficult to use and that it be comprehensive enough to support its adoption. This was using a specific kind of innovation and hence supposed to require very little effort from the user. Both physical and mental, this burden can be. Perceived ease of use in adopting fintech by SMEs involves ease of use of the payment method, easy access to customer service, small deposits required to make a payment, availability of help on mobile phones with basic features and software. Indeed, extensive studies have provided evidence on perceived ease of use as an essential shaper of users' behavioral intentions. Fintech should not be complicated to use by young and old, educated, uneducated, and across gender to influence its adoption. Literally, all the literature confirms that perceived ease of use affects the users' intention to adopt fintech. References include Carlsson et al. (2005), Chuang et al. (2016), hu et al., 2019; Marakarkandy et al. 2017, and Venkatesh & Morris, 2000. In linked recent studies, perceived ease of use has been evidenced by researchers not to influence the adoption of fintech consumers. For instance, this was evidenced to support the concept on studies conducted on fintech services, such as Balcázar & Rivas 2021; Nurunnisha, 2020; Nurunnisha et al., 2020 Singh et al., 2020; Verma et al., 2023. According Davis, 1989; and Venkatesh et al., 2012, perceived ease of use positively impacted perceived usefulness. It is documented that when users encounter usability problems with a valuable technological innovation, they might simply opt not to adopt it. Technology is used more often if users perceive it as undemanding and user-friendly.

2.2. Adoption attributes.

2.2.1. Actual adoption and use

This relationship between behavioral intention and use to capture "adoption or adoption" is supported by various well-recognized models of technology acceptance and use (Davis, 1989; Singh et al., 2020). For this reason, most current research studies have focused more on examining behavioral intention in an effort to predict use. Primary studies on the adoption and use of technology are dominated by the information technology perspective represented by works such as Davis (1989) and

Venkatesh et al. (2012). The objective of this study is to predict the effect of behavioral intention on actual use, from the point of view of business success through actual use of FinTech services, as well as analyzing factors influencing the consumer's perception regarding the offered FinTech services. Actual usage in this study can be expressed as the frequency and rough number of uses of a FinTech service during a certain period.

2.2.2. Intention to use

According to Tam, the identification of a person's attitude in using services will determine whether they plan to use the services or not. It will be proper to say that the attitude certainty of a person is one which will influence someone's intention to use fintech services, as indicated by Akinwale & Kyari, 2022. According to Meyliana et al. 2019, attitude is one of the most important components of customer intention to act favorably towards adoption. Intention has also been used to predict actual behavior in various studies such as AlMaghrabi & Dennis 2011; Ravichandran et al., 2010; Venkatesh et al. 2012; and Yiu et al. 2007. Ajzen 2006 argues that three ideas coordinate human behavior: these are the behavioral beliefs, which are beliefs about the results of actions and their evaluation; secondly, the normative beliefs refer to the beliefs other people have, not motivational expectations, and motivation to their compliance.

Then there are expectations, and the third are control beliefs, which are those that refer to a current factor that can impede or facilitate the performance of a certain behavior. Therefore, attitude towards the behavior leads to social expectation production, that is, consumer similarity associated with a decision results in an intention to perform that behavior. Intention in this study will be defined as the level of the conscious effort of a consumer to apply Fintech. However, because a consumer's behavioral intention may induce actual behavioral willingness, some examples already consider it risk-taking and risk-reducing behavior.

2.3. Attitude towards use

Accordingly, attitude toward use refers to the degree a user likes or dislikes using a technology. According to the traditional their previous studies (Balcázar & Rivas,

2021; Ebrahim et al., 2021) demonstrated a strong and statistically significant relationship between individuals' attitudes towards a certain technology. Findings from Chuang et al. (2016), Marakarkandy et al. (2017), and Hu et al. (2019) show that user attitudes have a significant effect on the adoption of fintech services. Other studies by Balcázar and Rivas (2021) and Arseto and Soemitra (2022) further confirm attitude to be one of the major drivers for fintech adoption. In the light of this, the following hypothesis was thus: h6. Perceived ease of use to access has a positive influence on SMEs' adoption of services from FinTech. The literature further supports that when a system is not easy to use, it is unlikely perceived as useful. This means users are willing to adopt FinTech services, which may indicate that users focus on the usefulness of the technology itself. This supports Shroff et al. (2011), who had established that perceived ease of use significantly influenced perceived usefulness. The literature further adds that there is an assumed strong and significant statistical relationship between individuals' attitudes toward a certain technology and their intentions toward the adoption and use of the particular technology (Balcázar & Rivas, 2021). Chuang et al. (2016) and Hu et al. (2019) reported that the tendency to use fintech services is directly related to users' access to the service. In fact, such critical digital service adoption is first and foremost enabled through attitude, as work by Marakarkandy et al. (2017) reinforces. On the other hand, this may be a function of attitude toward use based on perceived usefulness, Huei et al. (2018) add. The perceived usefulness of the use of fintech has had a positive influence on the attitudes of SMEs towards using it.

2.4. Mediating variables

According to Hussein et al. (2019), the mediator explains through which and how a given phenomenon takes place. Through this argument and support from empirical evidence, the current study predicts that perceived usefulness and attitude towards use play a vital mediating role that affects fintech adoption and use by SMEs. As has already been discussed, the concept of perceived usefulness involves the sort of benefits which, according to one's beliefs, the technology can offer in everyday encounters (Singh et al. 2020). Empirical research underlines the importance of perceived usefulness, given that it has been observed to have a

direct relationship with feelings an individual may have against a particular technology. While perceived ease of use has been considered one of the key components, perceived usefulness compared to perceptions of other technologies has been identified to have a stronger association with many factors that influence technology adoption in diverse contexts. Besides direct influences on adoption, perceived usefulness has also been found playing a mediating role in many other domains; see for example, Burton Jones and Hubona 2006, Henderson and Divett 2003, Purnawirawan et al. 2012a, Xia and Bechwati 2008 and Hussein et al. 2019 among others. Indeed, an empirical investigation by Burton-Jones and Hubon (2006) found that perceived usefulness in e-mail and word-processing systems acts as an intermediary to individual perceptions on ease of use, frequency, and time of use. On the other hand, Chawla and Joshi (2023) have identified perceived usefulness as a variable which mediates perceived ease of use in technology adoption. In other words, a greater degree of cognitive personal relevance defined as the degree of personal connection which customers feel with the information conveyed in a positive review of a product relates positively to increased purchase intention. The latter relationship exists as a result of the intervening effect of perceived usefulness of the review on the part of the consumer. The other intervening variable is the intention to use. SMEs intention to adopt fintech is driven by intrinsic motivation to implement this technology in their business. Intention to use construct was found to be one of the critical predictors of an individual's cognitive readiness to perform a certain behavior. More precisely, intention to use can be described as the feeling of working systematically and using methods effectively to achieve goals and enhance overall performance in a professional context. Kosasi et al. (2019) cite Venkatesh et al. (2012) as stating that the adoption of fintech by SMEs depends on the understanding developed by the owner-manager of the benefits involved and on the recognition of its ease of use. The adoption of technology also depends on the prevailing attitude towards its use. However, it is argued that SMEs managers will not implement technology unless they mean to.

2.5. Theoretical review

2.5.1. Technology Acceptance Model (TAM)

The Technology Adoption Model is one of the theoretical frameworks upon which to understand the effect of fintech on SMEs in Uganda. Generally, the TAM is the most widely used theoretical framework in information systems studies that explains the issues of acceptance and use of technology. Otherwise known as the Technology Acceptance Model, it is the most critical and pervasive theory to describe the human factor of acceptance of information systems (Lee et al. 2003). TAM identifies two beliefs that lead someone to adopt a technology that is perceived as useful and usable. Perceived usefulness of technology refers to the degree to which a person thinks it will enhance their performance or productivity. The degree to which a user thinks that a technology can easily be learned to operate refers to perceived ease of use. Perceived usefulness in the context of Fin-tech and SMEs in Uganda may mean the ability of Fintechs to improve access to finance, reduce transaction costs, enhance efficiency, and generally improve business performance. The perceived ease of use could, therefore, be explained by issues like simplicity and ease of navigation on the FinTech platform and assurance of training and support. Another relevant theoretical framework is institutional theory, where the acceptance and use of fintech by SMEs are determined through a large, general societal norm and institution pressure. For instance, if there is a strong cultural usage of traditional banking services, SMEs may be somewhat averse to adopting Fintech. On the contrary, with an enabling regulatory environment and innovation culture in place, SMEs are likely to adopt the financial technologies and benefit thereof. Finally, a combination of these two theoretical frameworks could be used to understand the impact of Fintech on SMEs in Uganda.

2.5.2. Unified Theory of Acceptance and Use of Technology (UTAUT2)

UTAUT by Venkatesh et al. is considered the dominant theoretical framework on which much understanding and prediction of individual technology adoption behavior has been based. The UTAUT model integrates various earlier models on technology acceptance and includes several factors influencing intention to use and actual use of technology. The original model of UTAUT was developed by

Venkatesh et al. (2003), involving four main factors: performance expectancy, effort expectancy, social influence, and facilitating conditions as the main critical factors to explain technology adoption. UTAUT2, from Venkatesh et al. (2012), extends the basic UTAUT by adding a few other important constructs: price, perceived risk and trust, and perceived reputation. These other factors try to explain the understanding of adopting technology. This theory has been extended and widely adopted within information systems, human-computer interaction, and technology adoption research studies.

The factors, according to the UTAUT2 model, are assumed to influence users' behavioral intentions, which influence actual usage behavior. Furthermore, the model proposes that moderators like age, gender, and experience can have an effect on the strength of these relationships. This model is widely adopted by many researchers and practitioners to scrutinize and forecast technology adoption in general and the adoption of FinTech services, mobile applications, and information systems in particular. Alal wan et al., 2017; DeBlanes Sebastián et al., 2023; Ong et al. The UTAUT2 framework has been adopted as part of the theoretical lenses in this study because it offers greater complexity and appropriateness for unearthing the factors that result in real usage of FinTech services.

2.6. To examine the key drivers of fintech adoption among SMEs in Mukono town

Performance expectancy refers to the user's perception of how well a particular technology system will help them complete tasks or achieve goals (Venkatesh et al. 2012). Level of users believe that using fintech will improve their business performance and efficiency (Venkatesh et al., 2003). In other words, it assesses the extent to which users believe that using the technology will increase their performance and make their tasks easier or more efficient (De Blanes Sebastián et al. 2023; Martinez and McAndrews 2023). When users believe that a technology will improve their performance or productivity, they are more likely to adopt and use it (Bajunaied et al. 2023). Optimizing user experiences to meet performance expectations is critical to the widespread adoption and use of digital financial services (Basri et al. 2022). When individuals perceive that digital financial services simplify transactions, offer convenience, and improve their financial management,

they are more inclined to use them (Arner et al. 2020; Nawayseh 2020; Senyo and Osabutey 2020). Together, previous studies highlight the strong relationship between performance expectations and technology adoption. Effort expectancy refers to the perceived ease or difficulty of using a particular technology or system (Bajunaied et al. 2023; Venkatesh et al. 2012). More simply, it measures how easy it is for users to find a technology to learn and use effectively. Expected length of effort is influenced by several factors, including user interface, user friendliness, complexity of tasks required to use the technology, and perceived ease of interaction (Gansser and Reich 2021; Tamilmani et al. 2021). Senyo and Osabutey (2020) found that expected effort significantly influenced users' intentions to adopt mobile money services. A study by Liébana-Cabanillas et al. (2020) on the adoption of mobile banking in Spain found that the perception of low effort requirements can motivate users to adopt FinTech services because they feel comfortable using these technologies to perform financial tasks. Users who found mobile payment applications easy to use were more inclined to adopt them for conducting financial transactions (Basri et al. 2022; Kilani et al. 2023; Martinez and McAndrews 2023). These studies highlight a consistent relationship between expected effort and technology adoption. Social influence refers to the impact that social factors and the opinions of others have on an individual's decision to adopt and use a technology (Venkatesh et al. 2012). Social influence is particularly relevant when individuals perceive that influential people or groups in their social network have positive attitudes toward technology and encourage its use (Kilani et al. 2023). A study by De Blanes Sebastián et al. (2023) on FinTech adoption in Spain found that referrals and referrals from peers significantly influenced individuals' decisions to adopt FinTech services. Recommendations, reviews, and discussions on social platforms contributed to users' perceptions of the usefulness and trustworthiness of mobile payment services (Basri et al. 2022). Research by Ong et al. (2023) on behavioral intention to use digital payment systems among rural residents found that the involvement and support of family members plays a key role. In the context of FinTech, social influence not only shapes adoption, but can also contribute to the development of trust and credibility of these services (Kilani et al. 2023). Individuals are more likely to adopt FinTech if they believe that their peers or close contacts have positive experiences with it and support its use (Alal wan et al. 2016; Hsu and

Lin 2016). Price value can be described as a trade-off between the perceived benefits of using FinTech applications and the financial costs associated with using them (Aduba et al. 2023; Asif et al. 2023; Senyo and Osabutey 2020). Positive price value occurs when the perceived benefits of the technology outweigh the monetary costs, and this positive price value significantly influences intention (Venkatesh et al. 2012). Regarding customer readiness for FinTech in Bangladesh, Mahmud et al. (2023) found that perceived cost savings, such as lower fees compared to traditional banking methods, positively influenced users' intentions to adopt mobile banking. The cost-effectiveness of digital payment applications has been a major driver of adoption among users, especially in regions with a focus on affordability (Arner et al. 2020; Carè et al. 2023). Lower fees and perceived cost savings played a role in robo-advice decisions (Back et al. 2023). Enabling conditions represent the perceived support of resources and infrastructure available to individuals for effective use of a particular technology (Bajunaied et al. 2023; Venkatesh et al. 2012). In order to use FinTech services, individuals must own a mobile device, have an active subscription with an operator, and be able to browse efficiently on their mobile devices (Alal wan et al. 2016; Asif et al. 2023). The presence of facilitating conditions therefore has the potential to generate greater interest and subsequent adoption of FinTech services (Aduba et al. 2023; Arner et al. 2020). Bajunaied et al. (2023) found that access to technical support positively influenced user trust and use of FinTech products. Digital literacy training programs and initiatives are essential conditions for the adoption and use of FinTech (Nawayseh2020; Ongetal.2023). Perceived risk refers to an individual's subjective evaluation of potential negative consequences, uncertainties, or vulnerabilities associated with adopting and using a particular technology, product, or service (Alrawad et al. 2023; Chandra et al. 2010). Security concerns, particularly related to data breaches, fraud and privacy, are significant drivers of perceived risk (Jangir et al. 2022). When individuals perceive that using FinTech services carries a high degree of risk, they may hesitate to adopt these technologies (Senyo and Osabutey 2020). The potential benefits outweigh the risks and may be more inclined to adopt FinTech services (Ali et al. 2021). Conversely, high perceived risk can erode trust and discourage adoption (Lakshmana et al. 2022). To encourage greater adoption and sustained use, fintech providers must prioritize building trust through robust security measures,

transparent communication, and regulatory compliance (Jangir et al. 2022). Perceived reputation refers to individuals' perceptions and beliefs about the reputation or standing of a particular technology, product, or service (Chandra et al. 2010). It includes how users or potential adopters perceive the trustworthiness, reliability, and credibility of the technology and the organization or provider behind it (Xi and Chen 2021). Research by Nguyen et al. (2022) on FinTech

2.7. To examine the challenges faced during fintech adoption among SMEs in Mukono town.

One of the major challenges in implementing fintech for SMEs is the lack of adequate technology infrastructure. Most developing regions may not have appropriate digital infrastructures like reliable access to the Internet and advanced computation resources. This could be a severe limitation in the effective implementation and usage of fintech solutions for SMEs. According to, for example, many of the SMEs face poor internet connectivity in developing countries, which constrains their capability to adopt digital financial services effectively. Additionally, new fintech applications cannot be integrated into practice due to the inability of hardware and software systems to cope with these applications, which limits the capacity of SMEs. Companies may suffer serious competitive disadvantages against their better equipped rivals because of an inability to support relevant advanced technology solutions. In other words, this technological lag can hamper growth and, subsequently, the reason for competitive advantage in the market. A second big obstacle is related to digital literacy among owners and employees of SMEs.

Most fintech solutions demand some sort of technical know-how in addition to knowledge of digital tools. Very few SMEs are adequately trained or skilled to use Fintech. According to one study, the complexity of fintech applications itself is totally overwhelming for a small and medium-sized enterprise that does not have a digitally savvy workforce. Such a skills gap may also make business owners wary of adopting newer technologies due to the time-consuming learning curve involved and the potential disruption to operations. The regulatory environment for fintech can be very complex and fragmented, which presents a significant challenge to SMEs. For example, various countries have various regulations when it comes to the

protection of data, financial transactions, and consumer protection, among others. As Burnquist and Wiklund explain, different regulatory frameworks are very complicated for smaller enterprises to comply with, as they cannot afford to have a big legal department. Also, many of these regulations are not fully perceived by SMEs and thus are not adequately implemented, which may lead to a legal risk and/or a penalty. Moreover, it requires significant resources to constantly monitor ever-changing regulations, and this is something most SMEs cannot afford. According to, one more factor that might deter the adoption of fintech by SMEs is the fear of failing to comply and subsequent sanctions. Knowing such regulatory requirements and being able to meet them requires overwhelming resources that SMEs often lack due to a shortage of expertise and capacity. Uncertainty around changes in regulations adds to the perceived risks. If SMEs are not convinced about their future regulatory development and impact on business operations, they will most likely refrain from investing in fintech solutions. In this respect, regulatory uncertainty feeds a wait-and-see attitude that causes even further delays in the adoption of fintech. Another significant issue at stake is a legal commitment when it comes to adopting fintech. Generally speaking, an SME does not have sufficient legal understanding of what to expect after implementing new financial technologies. As Gomber et al. say, there is a possibility that SMEs will be wary because of the legal implications that may be incurred in case of a breach in security or non-compliance with the various legislations related to protection of data. This fear of possible litigation and the resultant costs might be yet another reason why SMEs are not so entwined with fintech solutions in their operations. Security costs include investments, which are one of the most important financial burdens and a big obstacle for small and medium-sized businesses in investing in appropriate measures of cybersecurity. Advanced security solutions to protect against cyber threats are costly to establish, in which not every SME can afford financial investment. The other point, by Turan (2015), is that the high price of investment in cybersecurity prevents SMEs from adopting fintech solutions. Because of that, SMEs may have operational costs more important for them than improvements in security. Besides, ongoing costs of maintaining and updating security systems strain the financial resources of the small and medium-sized business. SMEs are somewhat reluctant to adopt fintech solutions because of a lack

of sufficient financial capacity to invest in robust security measures against possible financial consequences in case of a security breach. Alternatively, the eventuality of financial loss through cyber incidents is the other critical factor affecting the reluctance of SMEs to adopt fintech. The consequences of cyber-attacks are financial losses through direct theft or via remediation and recovery processes. According to, this fear of such financial losses keeps SMEs away from integrating fintech into their operations. Most SMEs do not have the financial heft and stability to absorb the shock of a critical security incident; this makes many skeptical of fintech adoption. Data breaches and hacking remain key concerns that keep SMEs from adopting fintech. Cybercrime normally targets attacks on small and medium businesses due to their poor cyber defense mechanisms in comparison to large corporations. This is also supported by Pappas et al. (2018), who included unauthorized access to sensitive financial data as one of the major deterrents for SMEs. Data breaches can be disastrous, causing huge financial loss and damage to reputation, which stands as a cause for being cautious about fintech integration. The main reasons, according to Beck et al. (2018), for a remarkable percentage of SMEs to have stayed away from fintech solutions have to do with specific cyber security vulnerabilities. These are capable of causing immediate financial loss, theft of data, and long-term damage to customers' trust and brand reputation. Due to this perceived risk of cyber-attacks, SMEs do not want to invest in Fin-tech technologies that will eventually expose them to this threat. Other major security challenges for SMEs are phishing attacks and fraud. Cyber-criminals make use of advanced phishing techniques in order to manipulate the employees of small and medium-sized businesses into disclosing sensitive information or allowing fraudulent transactions. According to Dorf Leitner et al. (2017), the prevalence of phishing attacks among SMEs has created an insecure atmosphere wherein SMEs are either not willing or very hesitant about the adoption of fintech solutions. Small and medium-sized businesses in most cases have limited resources to employ comprehensive security measures, so they tend to be very vulnerable in these situations. The culture of a nation also plays a great role in fintech adoption in SMEs. Such influences can be understood from Hofstede's cultural dimensions, which include uncertainty avoidance, individualism versus collectivism, and power distance. For instance, a high-ranking in-uncertainty avoidance may translate to a

slowed rate of fintech adoption as people will further be wary of reaching out for newer and unfamiliar technologies as well. Indeed, this is evidenced by the study of Lee and Shin, 2018, in which it was found that SMEs in countries that have low uncertainty avoidance-that is, countries like the United States-are in a better position to adopt fintech innovations than those countries that are characterized by high levels of uncertainty avoidance, such as Japan, Uganda, Kenya, among others.

2.8. To examine the relationship between fintech adoption and the financial performance of SMEs in Mukono town.

Recently, the attention of scholars has been focused on the field where financial technologies meet small and medium-sized enterprises. In such a context, it is expected that the adoption of Fintech will have a positive impact on SME performance. This review examines the multi-dimensional relationship between the adoption of Fintech and SMEs performance, focusing on three key themes: access to finance, operational efficiency, and market competitiveness.

P2P and Crowd finance platforms connect the borrowers directly with the lenders, cutting across traditional financial intermediaries in the process. This democratization of finance has made SME financing much easier. For example, research studies have reported that P2P lending significantly cuts down borrowing costs for SMEs and reduces the loan approval time which generates better financial performance. Cheng and Qu (2020) established that P2P lending does not only reduce the cost of borrowing for SMEs but reduces the time taken in loan approval, which may be critical for SMEs needing quick access to capital to capitalize on a business opportunity or resolve problems related to cash flow. As a result, access to speedy financing will be very instrumental in giving the SMEs the impetus needed for their expansion operations, investing in new projects, or covering unexpected expenses that improve the overall financial stability and performance. Crowdfunding has also enabled the small and medium enterprises to raise capital by going directly to the people. Through online platforms, SMEs can show their projects to a global audience where the chances of funding the project increase. Studies show that SMEs using crowdfunding methods usually record faster growth rates compared to firms relying on traditional funding sources only. In regard to

crowdfunding, Belle Flamme, Lambert & Schwienbacher, 2014 adds weight to the argument on SME access to capital and markets for its products. The fact that a large pool of supporters successfully raises funds for a small and medium-sized enterprise means that the latter not only get the much-required finances, but also the confirmation of market potential for their product or service. This dual benefit might increase investor confidence, and this could provide more avenues for investments and further growth. Mobile Banking and Payment Systems: Another frontier which helped improve financial inclusions for SMEs are mobile banking and payment systems. With mobile money services, SMEs can conduct smoother and better financial transactions. As indicated by a study, the use of mobile money service improves the liquidity management of SMEs and thus increases their operational stability, which in turn leads to higher growth. According to Jack and Suri (2014), the use of mobile banking by SMEs leads to swift and secure transactions, sans the need to manually deal in cash and with reduced transactional costs. The fact that SMEs are in a position to make and receive payments quickly and securely enhances their operational stability, especially where the traditional banking system is not available or unreliable. Digital financial management tools provide insight into up-to-date cash flow, expenses, and financial projections. They allow the SMEs to make informed decisions more swiftly, hence increasing the responsiveness to altered marketplace conditions.

Research by Beck, Demirguc-Kunt and Levine, 2005 claims that increased adoption of sophisticated financial management systems leads to increased profitability and a lower risk profile for SME's. Beck et al. 2005 argue that timely financial information is invaluable to an SME since it identifies its actual financial position and can make the appropriate adjustments. This proactive financial management avoids a number of problems that may relate to cash flow shortages and over-indebtedness, factors contributing to the improvement of general financial health and sustainability in SMEs. The case with automated accounting software reduces time and resources spent on manual bookkeeping. Automation will not only reduce operational costs but will also minimize human error, thus allowing more accurate financial reporting. Due to which the SMEs can give more concentration on the strategic activities rather than on the administrative. (Duan, et al., 2020) It is observed that since much time has been saved from manual accounting, therefore

SMEs can utilize the resources in growth-oriented activity such as market expansion or product development. It is opined by Duan et al. (2020). Furthermore, it will provide adequate financial reporting that is required for transparency and compliance purposes, thereby enhancing credibility and building more trust in SMEs before investors and partners. Integrated payment gateways make the transaction process easier between the SMBs and their customers, adding value to the customer experience. These systems will allow an SME to reduce transaction time and cost, thereby enhancing cash flow and reducing the probabilities of delayed payments. In fact, a study conducted by Zeng et al. (2019) shows that there is increased customer satisfaction and retention for SMEs which have integrated their means of payment. In accordance with Zeng et al. (2019), effective processing of payment is one of the essential factors to customers in terms of satisfaction because this limits friction during the purchasing or making payment process. This would mean that providing fast and secure ways to pay for goods or services will improve the experience of customers for an SME, and thus its loyalty and repeat purchases as well. Fintech solutions allow SMEs to expand into newer markets by using e-commerce platforms. Indeed, e-commerce platforms offer the facilities required for marketing and selling products online, thus overcoming the problems of geographical dispersion and catering service to a wide variety of customers across the world. According to Zhu and Kraemer (2005), those SMEs that adopt e-commerce strategies are found to have marked enhancement in market share and revenue growth. Zhu and Kraemer (2005) noted that electronic commerce platforms provide SMEs with opportunities for new customer segments, which contribute to their diversified sources of revenues. Expanding the market beyond a location reduces the risks of market saturation or economic downturns in a particular home region. Advanced CRM systems based on fintech support effective customer relationship management of SMEs.

This will give a glimpse of the trend in customer preference and buying behavior, and thus, SMEs would be able to shape their marketing strategy accordingly. Indeed, studies by Chang, Wong, and Fang (2014) support that customer loyalty is higher and sales are increased for SMEs adopting CRM systems. Higher customer satisfaction and loyalty can be achieved on several occasions if there is personalized marketing and customer service, according to Chang, Wong, and Fang

2014. By understanding the needs and tastes of their customers, SMEs can generate specific promotions and services, develop a close relationship with their customers that in turn develops repeated business. Data analytics and AI bring a new wave of insight into market trends for the SMEs. The large sets of data analyzed by SMEs will help them in finding opportunities in emerging markets and create operational efficiencies related to those markets. Studies show that SMEs have started using data analytics and artificial intelligence

2.9. Summary of the Literature review

The adoption of fintech improves the financial inclusion, financial performance and competitiveness of small and medium enterprises (Demirguc-Kunt et al.,2018; Beck et al., 2018). The adoption of fintech increases efficiency, reduces costs and enhances decision making for SMEs (Gomber &Koch, 2017).

The adoption has further expanded access to credit and funding opportunities for SMEs (Allen et al., 2019). The fintech adoption further promotes innovation, differentiation and sustainability for SMEs (Schwienbacher& Lepinard,2017). Fintech adoption and performance of SMEs is supported by the technology acceptance model (TAM) which clearly explains how SMEs accept and adopt fintech.

CHAPTER THREE

3.0. Introduction

This focused on the research design, area of study, sources of information, population and sampling techniques, data collection and analysis and study limitations.

3.1. Research design

. The tools used in this study for data collection were a structured questionnaire that had mostly closed descriptive questions. A quantitative approach was utilized in this study because the method affords the researcher an opportunity to use either a questionnaire or conduct in-depth interviews for data collection among a larger number of respondents for analysis. The questionnaires had the suitable appropriateness for the study, and it also enabled the researcher to ensure that key themes were explored with a larger number of participants. The scaling used was on a Likert scale: 1 = agree, 5 = disagree. These questions were adopted from researchers who used the questions in a fintech service or mobile money payment. perceived usefulness has been adapted from huh et al. 2009 and Singh et al. 2020, while perceived of ease of use have been adapted from Huei et al. 2018 and Singh et al. 2020. The use attitude was adapted from Grabner-Kräuter and Faullant 2008, Singh et al. 2020. Intent of use was adopted from the works of Marakarkandy et al. 2017. This present study employed a descriptive study design with a survey design for the data collection method. Tetteh et al., Citation2022. Descriptive design allowed the researcher to describe phenomena based on the data collected from the members of the population. Bryman, Citation2012. In this research, owners, managers/ operators of SMEs were targeted.

3.2. Area of study

The study area was in Mukono town. This was on record because it had more fintech adoption in SMEs in Mukono town. The other reason is that it is manageable in terms of conducting the study.

3.3. Sampling procedure

This study used random sampling to select SMEs. The strategy was used to ensure easy access by the owners or managers of the SMEs. Regarding sample size, Hair et

al. (Citation2017) argued that a minimum sample size of respondents to be used in SEM analysis is 100-150. On the other side, Kline put forward that the critical sample size is 200 respondents. In selecting an appropriate sample size, we adapted. In this study, Miller and Brewer's formula for choosing the right number of samples from the target population of 5,963 was followed. Assuming a sample size of around 120 SMEs as per the formula, n = N/1 + N(e)^2. Where n is the sample size, N is the population size and e are the margin of error (Miller & Brewer, Citation2003). A total of 45 questionnaires were distributed in the study to 45 Small and Medium Enterprises to reach the predetermined threshold, which is far below the established criterion of 100, to ensure that the analysis will yield data that are adequate in statistical power. Out of 45 questionnaires sent to SME owner-managers or operators, a total number of 45 SMEs were duly completed and thus could be analyzed, representing 65% of the sample size, which represents a good data for analysis. Therefore, the sample size for the study was 45 SMEs.

Sample size

The study used a sample size of 45 respondents.

Table 1; showing the target population and sample size

Category of respondents	**Population**	**Sample size**
Bank Agents	24	15
Minimarts	9	5
Delivery businesses	10	5
Internet cafes	27	7
Electronic shops	30	13
Total	**100**	**45**

3.4. Data sources

The research used both primary and secondary sources of data.

3.4.1. Primary data sources

The research obtained primary data by use of questionnaires and in-depth interviews.

3.4.2. Secondary sources

The research also used data from reports and previous research works from other researchers and also text books and the internet.

3.5. Data collection tools

The data collection instruments in this study were basically questionnaires and interviews.

3.5.1. Questionnaire

The questionnaire was used since it provided a high level of general capability in representing a large population. There were a big number of people who answered questionnaires and the data being gathered possessed a better understanding of what was being studied. Because of the high representativeness brought about by the questionnaire, it was easy to find statistically significant results than other data gathering methods.

3.5.2. In depth interviews

The study conducted in depth interviews to collect data. In depth interviews were a valuable method for collecting data on this study.

3.6. Reliability and validity

3.6.1. Reliability

To ensure the reliability of the study, the credibility criteria were considered which was established by Guba and Lincoln in the 1980s. The reliability of the questionnaire was assessed using Cronbach's coefficient alpha. A pilot study was carried out on 45 respondents and reliability results will be computed using the statistical package for the social sciences version

3.6.2. Validity

Validity in qualitative research refers to the extent to which findings accurately represent the phenomenon under investigation and can be defended when challenged (Bashir et al., 2008). Validity was done in order to find out whether the questions were capable of capturing the intended data. Experts in research reviewed the questions to see whether they were useful of capturing the intended responses. A content validity index was calculated in order to establish the validity of research instrument.

3.7. Procedure of data collection

After the approval of the proposal from Uganda Christian university, the researcher was given a letter of introduction to be presented to the small and medium enterprises in Mukono district. This was to help secure permission in order to carry out the study in this organization. The researcher was to present a letter of consent to the respondents after which questionnaires were distributed. The respondents were given time within which they would return the fully filled questionnaires. After the questionnaires have been filled, the researcher was to collect them, sort them and code them.

3.8. Data Analysis

3.8.1. Qualitative data analysis

Data analysis was done with the aid of the software package version 20 which besides being user friendly was also appropriate for handling the correlations between the variables and regression in the study. Quantitative data was analyzed using descriptive statistics Pearson correlation to examine the relationship between the independent and the dependent variable in the study.

3.9. Ethical Issues

the faculty of business administration provided the researcher with an official letter introducing the researcher to the case study. All of the sources that the researcher used for the study were citied, either in the literature or in the appendices. She also obtained data through official channels. Before beginning to gather field data, the researcher secured agreement from the respondents as well as approval and authorization from the relevant authorities.

3.10. Limitations of the study

The researcher's options were restricted by the money required to support the study including printing costs and even daily transportation to the SMEs for data collection. nonetheless, the researcher mobilized family financial support through self-initiatives.

Some respondents expressed reluctance to divulge information because they had doubts about the source or intended recipient of the data. This was resolved thanks

to the university's introductory letter and learning institution's excellent and notable reputation in the academic setting.

The researchers' efforts and the amount of time planned for study analysis were hampered by some participants delay in returning the questionnaires. This was resolved by sending out more questionnaires than anticipated which assisted in filling in the blanks for individuals who neglected to return the surveys.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF THE FINDINGS

4.1 Introduction

Chapter four discussed the results of the study from the questionnaire that was used by the researcher to collect data. The results are presented below as follows;

4.2 Demographic Data

The analysis looked at the respondent's gender, age, marital status, education level and length of service.

4.2.1 Gender of Respondents

Gender		Frequency	Percent	Valid percent	Cumulative percent
Valid	**Male**	13	43.3	43.3	43.3
	Female	17	56.7	56.7	100.0
	Total	30	100.0	100.0	

Primary data, 2024

In the study sample, there were 13 males (43.3%) of the total participants and 17 (56.7%) females. The majority of the respondents were female.

4.2.2 Age of the Respondents

Age of the respondents		Frequency	Percent (%)	Valid percent	Cumulative percent
Valid	20-30 years	8	26.7	26.7	26.7
	30-40 years	9	30.0	30.0	56.7
	40-50 years	5	16.7	16.7	73.4
	Above 50 years	8	26.7	26.7	100.0
	Total	**30**	**100.0**	**100.0**	

primary data, 2024

Among the respondents, 8 individuals were aged 20-30 years, representing 26.7% of the sample, and 9 individuals were aged 30-40 years, making up 30% of the sample. Additionally, 5 respondents were aged 40-50 years, accounting for 16.7%, while 8 respondents were above 50 years, also representing 26.7%. The largest age group in the sample was those aged 30-40 years.

4.2.3 Marital status

Marital status		Frequency	Percent %	Valid percent %	Cumulative percent %
valid	Married	19	63.3	63.3	63.3
	Single	11	36.7	36.7	100.0
	Total	30	100.0	100.0	

primary data, 2024

Among the respondents, 19 (63.3%) were married while 11 (36.7%) were single. The majority of the respondents were married. **4.2.4 Level of Education**

Experience level		Frequency	Percent	Valid percent	Cumulative percent
Valid	Bachelors level	14	46.7	46.7	46.7
	Certificate level	8	26.7	26.7	73.3
	Diploma level	8	26.7	26.7	100.0
	Total	30	100.0	100.0	

primary data, 2024

Among the respondents, 14 (46.7%) held a bachelor's level of education and both certificate level and diploma level each had 8 (6.7%) respondents. The majority of respondents had a bachelor's level of education meaning they were well knowledgeable about the study.

4.2.5 Length of Service

Length of service		Frequency	Percent	Valid percent	Cumulative percent
Valid	1-3 years	7	23.3	23.3	23.3
	3-6 years	9	30.0	30.0	53.3
	7-9 years	6	20.0	20.0	73.3
	10 and above years	8	26.7	26.7	100.0
	Total	30	100.0	100.0	

Primary data, 2024

The distribution of respondents by length of service reveals that 7 individuals, or 23.3%, had served for 1-3 years. Those with 3-6 years of service made up 30% of the respondents. Additionally, 6 respondents, accounting for 20%, had 7-9 years of service, while 8 individuals, or 26.7%, had 10 or more years of service. The majority of respondents had 3-6 years of service.

4.3 To find out the Behavioral attributes

No.	Statement	MEAN	S. D
1	Fintech services provide a useful way to manage my finances.	5.00	0.000
2	I feel confident using fintech applications without needing assistance.	4.73	0.450
3	My trust in the security and privacy of fintech services influences my decision to use them.	4.17	1.002
4	The opinions and recommendations of friends, family, or colleagues affect my decision to use fintech services	5.00	0.000
5	The perceived cost-effectiveness of fintech services is important in my decision to use them.	4.87	0.346
6	I frequently use fintech applications because I am accustomed to using digital financial tools.	4.47	0.900
7	I am comfortable with the potential risks associated with using fintech services.	4.80	0.407
8	I am eager to try out new fintech applications and technologies as soon as they become available.	4.79	0.418
9	My previous experience with digital technologies influences my willingness to use fintech applications.	4.73	0.450
10	The convenience of accessing financial services anytime and anywhere is important in my decision to use fintech applications.	4.47	0.507

Primary data,2024

The average score was 5.00, with a standard deviation of 0.000. This showed that fintech services provide a very useful way of managing their finances. They were confident using fintech applications without assistance, with a mean score of 4.73 and a standard deviation of 0.450. On the security and privacy of the services of fintech services, the reasons influencing the decision to use it recorded an average score of 4.17, with a standard deviation of 1.002. The opinions and recommendations of friends, family, or colleagues ranked among the factors affecting the decision to use the services of fintech, and this is supported by the fact that the average score is 5.00, with a standard deviation of 0.000. From the data in the graph, it is evident that the perceived cost-effectiveness of the fintech services played a significant role in the decision-making process and was indicated by the mean score of 4.87 and a standard deviation of 0.346. Most explained that the reason for using Fintech applications is because they are used to digital handling of financial tools. Thus, with a mean of 4.47 and SD of 0.900, it shows that comfort with the possible risks in the usage of fintech services was high, as reflected in the mean score. A mean of 4.79 and a standard deviation of 0.418 indicated that the willingness of the respondents to try new fintech applications and technologies when available was positive. A response mean of 4.73 and a standard deviation of 0.450 showed that previous experience of digital technologies had a significant effect in increasing the likelihood of the respondents in using fintech applications. The convenience of access to financial services anytime and anywhere was an important factor in the decision of the respondents to use fintech applications, which is supported by the response mean of 4.47 and a standard deviation of 0.507.

4.4 To find out the Adoption attributes

No.	Statement	MEAN	S. D
1	Fintech services align well with my existing financial habits and practices.	4.47	0.507

2	I perceive fintech services as offering significant advantages over traditional financial services.	4.73	0.450
3	Setting up and using fintech applications is straightforward and not complicated.	4.45	0.506
4	I am more likely to adopt a fintech service if I can try it out before committing to it.	4.47	0.507
5	Seeing visible benefits from using fintech services is important to me before I adopt them.	4.47	0.507
6	The quality of customer support and overall service significantly influences my decision to adopt fintech services.	1.10	0.305
7	The availability of fintech services in my region affects my decision to use them.	1.47	0.860
8	The ability to customize and personalize fintech applications is important to me.	1.03	0.183
9	I expect fintech services to perform reliably and efficiently which influences my decision to adopt them.	1.40	0.770
10	The effort required to learn and use fintech applications impacts my willingness to adopt theme.	1.00	0.000

Primary data, 2024

Respondents believed that fintech services are consistent with their existing financial habits and practices, as shown by a mean score of 4.47 and a standard

deviation of 0.507, there is a strong perception that fintech services offer significant advantages over traditional financial services, expressed by a mean score of 4. 73 and a standard deviation of 0.450, setting up and using fintech applications was perceived as simple and not complicated, with a mean score of 4.45 and a standard deviation of 0.506, the likelihood of adopting a fintech service increased if respondents had the opportunity to try it before engaging, which is reflected in with a mean score of 4.47 and a standard deviation of 0.507, seeing the visible benefits of using fintech services was important to respondents before considering their adoption, which also shows a mean score of 4.47 and a standard deviation of 0.507 and that the quality of customer support and overall service were not considered significant influences on the decision to adopt fintech services, with a low mean score of 1.10 and a standard deviation of 0.305. Availability of the services in their region accounted somewhat for the reason the respondents employed the services; the mean score is 1.47, with a standard deviation of 0.860. The ability to customize and personalize the fintech applications was not as important to the respondents; the mean score is 1.03, with a standard deviation of 0.183. Expectations that the FinTech services will operate reliably and efficiently influenced the decision to adopt them, showing a mean score of 1.40, with a standard deviation of 0.770. The effort it takes to learn and use FinTech applications had significantly influenced the willingness of the respondents to adopt, as indicated by the mean score of 1.00, with a standard deviation of 0.000.

4.5 To find out the Intention to use

No.	Statement	MEAN	S.D
1	I believe that using fintech applications will improve my financial management.	1.83	0.913
2	I find fintech applications easy to use and navigate.	1.13	0.507

3	My confidence in the security measures of fintech applications influences my intention to use them.	1.50	0.731
4	Recommendations from friends, family, or colleagues affect my intention to use fintech services.	1.00	0.000
5	Fintech services align well with my existing financial practices, which increases my intention to use them.	1.60	0.855
6	My concerns about potential risks, such as privacy issues or financial loss, affect my intention to use fintech services.	5.00	0.000
7	Access to reliable internet and technical support enhances my intention to use fintech applications.	4.73	0.450
8	The cost and perceived economic value of fintech services influence my intention to adopt them.	4.17	1.002
9	The convenience of accessing financial services anytime and anywhere is a significant factor in my intention to use fintech applications.	5.00	0.000
10	My past experience with digital financial tools or other technologies affects my intention to use fintech services.	4.87	0.346

Primary data, 2024

The findings showed that the belief that using fintech applications will improve financial management was reflected in a mean score of 1.83, with a standard deviation of 0.913, respondents found fintech applications to be easy to use and navigate, indicated by a mean score of 1.13 and a standard deviation of 0.507,

confidence in the security measures of fintech applications played a role in respondents' intention to use them, as shown by a mean score of 1.50 and a standard deviation of 0.731 and that recommendations from friends, family, or colleagues had a unanimous influence, reflected by a mean score of 1.00 and a standard deviation of 0.000.

Also, the findings showed that the alignment of fintech services with existing financial practices was noted to increase the intention to use them, with a mean score of 1.60 and a standard deviation of 0.855, concerns about potential risks, such as privacy issues or financial loss, significantly impacted the intention to use fintech services, as indicated by a mean score of 5.00 and a standard deviation of 0.000, access to reliable internet and technical support was seen as enhancing the intention to use fintech applications, with a mean score of 4.73 and a standard deviation of 0.450, the cost and perceived economic value of fintech services influenced the intention to adopt them, shown by a mean score of 4.17 and a standard deviation of 1.002, the convenience of accessing financial services anytime and anywhere was a major factor in the intention to use fintech applications, with a mean score of 5.00 and a standard deviation of 0.000 and that past experience with digital financial tools or other technologies also affected respondents' intention to use fintech services, as reflected by a mean score of 4.87 and a standard deviation of 0.346.

4.6 To find out the Attitude attributes

No.	Statement	MEAN	S. D
1	I find fintech services beneficial for managing my finances.	4.47	0.900
2	I feel comfortable using fintech applications compared to traditional banking services.	4.80	0.407
3	I have confidence in the security and privacy of my data when using fintech applications.	4.79	0.418

4	I have a positive overall attitude towards using fintech services.	4.73	0.450
5	I am enthusiastic about exploring new fintech technologies and services.	4.47	0.507
6	I believe fintech services offer greater efficiency and convenience compared to traditional financial services.	4.47	0.507
7	I am satisfied with my current experience using fintech services.	4.73	0.450
8	I find fintech services to be reliable in handling my financial transactions.	4.45	0.506
9	I am comfortable accepting the potential risks associated with using fintech services.	4.47	0.507
10	The opinions of my peers and family positively influence my attitude towards using fintech services.	4.47	0.507

Primary data, 2024

The respondents expressed that they find fintech services beneficial for managing their finances, as indicated by a mean score of 4.47, with a standard deviation of 0.900 and the comfort level with using fintech applications compared to traditional banking services was even higher, with a mean score of 4.80 and a standard deviation of 0.407.

Confidence in the security and privacy of data when using fintech applications also scored highly, with a mean of 4.79 and a standard deviation of 0.418, respondents demonstrated a positive overall attitude towards using fintech services, with a mean score of 4.73 and a standard deviation of 0.450, there was also enthusiasm about exploring new fintech technologies and services, as shown by a mean score of 4.47 and a standard deviation of 0.507, the belief that fintech services offer greater

efficiency and convenience compared to traditional financial services was shared by the respondents, as indicated by a mean of 4.47 and a standard deviation of 0.507.

Respondent satisfaction with their current experience using fintech services was high, with a mean score of 4.73 and a standard deviation of 0.450, the reliability of fintech services in handling financial transactions was noted, with a mean score of 4.45 and a standard deviation of 0.506, respondents expressed comfort in accepting the potential risks associated with using fintech services, as shown by a mean score of 4.47 and a standard deviation of 0.507 and that the influence of peers and family on respondents' attitudes towards using fintech services was reflected in a mean score of 4.47 and a standard deviation of 0.507. This implies that social influence plays a role in shaping respondents' perceptions and acceptance of fintech.

4.7 Correlation analysis between fintech adoption and performance of SMEs

Correlations

		Adoption Attributes	Performance
Adoption Attributes	Pearson Correlation	1	.873**
	Sig. (2-tailed)		.000
	N	29	26
Performance	Pearson Correlation	.873**	1
	Sig. (2-tailed)	.000	
	N	26	26

**. Correlation is significant at the 0.01 level (2-tailed).

The table presents a correlation analysis between two variables: "Adoption Attributes" and "Performance." The Pearson Correlation coefficient for the relationship between Adoption Attributes and Performance is 0.873, which indicates a strong positive correlation. This suggests that as the attributes associated with adopting a new technology or system improve, there is a corresponding increase in performance levels. A Pearson Correlation coefficient close to +1 implies a high

degree of linear relationship, meaning that changes in one variable are closely associated with changes in the other.

The significance value (Sig. (2-tailed)) for this correlation is 0.000, which is below the standard threshold of 0.01. This indicates that the observed correlation is statistically significant, meaning there is a very low probability that this strong positive correlation occurred by chance. The asterisks (**) next to the correlation coefficient further signify that this relationship is significant at the 0.01 level.

The sample sizes (N) are also shown in the table, with 29 observations recorded for Adoption Attributes and 26 for Performance. These sample sizes indicate the number of paired observations included in the analysis, providing a basis for calculating the Pearson Correlation coefficient. The slight difference in sample sizes may result from missing or incomplete data for one of the variables, which is common in real-world data collection scenarios. Therefore, the correlation analysis demonstrates a significant and strong positive relationship between the adoption attributes of a system or technology and its performance outcomes. As organizations enhance the factors that facilitate the adoption of new systems, they can expect to see substantial improvements in performance metrics, making the consideration of these attributes crucial for successful implementation and operational effectiveness.

4.8 Regression analysis between fintech adoption and performance of SMEs

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.730	4	.432	.	.[b]
	Residual	.000	21	.000		
	Total	1.730	25			

a. Dependent Variable: Performance

b. Predictors: (Constant), Attitude Attributes, Intension to use, Behavioral Attributes, Adoption Attributes

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	5.118E-16	.000		.	.
	Behavioral Attributes	.250	.000	.306	.	.
	Adoption Attributes	.250	.000	.272	.	.
	Intension to use	.250	.000	.191	.	.
	Attitude Attributes	.250	.000	.381	.	.

a. Dependent Variable: Performance

The table presents the coefficients from a regression analysis model where the dependent variable is Performance, and the independent variables are Behavioral Attributes, Adoption Attributes, Intention to Use, and Attitude Attributes. The purpose of this analysis is to understand how each independent variable influences performance.

Starting with the constant term, its value is 5.118E-16, with a standard error of 0.000. This constant is essentially zero, indicating that when all independent variables are equal to zero, the performance is not affected, which is expected in a properly normalized model.

The unstandardized coefficients (B) for all four independent variables (Behavioral Attributes, Adoption Attributes, Intention to Use, and Attitude Attributes) are all equal to 0.250. This indicates that each unit increase in these variables is associated with a corresponding increase in performance by the same factor, given other variables are held constant. The standardized coefficients (Beta) provide insight into the relative impact of each independent variable on performance. Attitude Attributes have the highest Beta value (0.381), suggesting that changes in attitudes

have the most substantial impact on performance compared to the other variables. Behavioral Attributes follow with a Beta value of 0.306, indicating that behavior-related factors are also significantly associated with performance.

Adoption Attributes have a Beta value of 0.272, suggesting a moderate influence on performance. Lastly, Intention to Use has a Beta value of 0.191, implying it has the least impact on performance among the variables studied. Even though the Beta values vary, all independent variables positively impact performance, meaning improvements in any of these areas can potentially enhance performance.

Conclusively, the analysis revealed that while all the factors positively contribute to performance, attitudes and behavioral aspects affect more, suggesting that organizations aiming to improve performance should focus on shaping positive attitudes and behaviors toward new technologies.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

In Chapter 5 of the report, the study findings on how the sustainability of Jumia Uganda Limited is impacted by internal controls are presented, along with the corresponding discussion, conclusion, and recommendations.

5.1 Discussion of the key finding

The discussion of the findings intends to discuss the findings that had been made in Chapter 4 including the discussion on the Behavioral attributes, the Adoption attributes, the Intention to use, the Attitude attributes and the Correlation and regression analysis.

5.2 Discussion on the Behavioral Attributes

The results indicate that perceived usefulness has a significant effect on the adoption of fintech services among SMEs. This is clearly rationalized in Chapter 2 through the TAM theory, in which perceived usefulness was noted to be one of the factors that make technology more likely to be adopted. Indeed, the study revealed that SMEs perceive fintech to enhance their operational efficiency and business performance, which also coincides with the work of Lee et al. (2003), who put forth that perceived usefulness is critical in motivating users to adopt new technologies.

The results also showed that perceived ease of use is another factor affecting the adoption of fintech services. Again, this is supported by TAM's argument when it says ease of use affects the process of adoption. This was the reason why it was established that SMEs were more open to the use of fintech solutions that are easy to handle and take less time in learning, which maintains consistency with the literature emphasis on simplicity in the adoption of technology.

These results also reiterate the role of expected performance in fintech adoption. This finding is consistent with the emphasis of UTAUT2 on performance expectancy

as one of the major drivers of technology use. Therefore, SMEs in Mukono town regarded fintech as a tool that could enhance business performance-a view supported by literature that such performance-enhancing technologies are more likely to be adopted.

Expected time of effort was found to be one of the key drivers in the adoption of fintech. This supports the views of Bajunaied et al. (2023) and Venkatesh et al. (2012) that perceived ease of use influences users' behavioral intentions. In relation to SMEs, user-friendly fintech solutions are thus more likely to be adopted by them. The other critical factor included in this study was social influence. It is that UTAUT2 postulates that social influence and the opinion of others about technology adoption would, therefore, impact the business decision to adopt or reject the technology. For example, SMEs are most likely to adopt fintech if they observe positive attitude and recommendations from their peers. In this respect, Kilani et al., 2023, reiterates that social influence acts as a significant factor in the adoption of technology.

According to Venkatesh et al. (2012), the price value has become a main driver of fintech adoption and hence justifies the inclusion of this construct within the UTAUT2 framework. The study found that SMEs are more likely to adopt fintech services when they perceive the benefits derived outweigh the costs, a finding that was in agreement with Mahmud et al. (2023), who noted that cost-saving is the main driver for technology adoption.

This also concurs with enabling conditions playing their role, which is in harmony with the emphasis that UTAUT2 places on resources and infrastructure. The literature view of enabling conditions for technology use shows the ability of SMEs to adopt fintech services, since such adoption would depend on the availability of the needed technical support and infrastructures that would support their use. In the study, perceived risk was an important barrier to fintech adoption. That corresponds with the literature orientation to security concerns and risks associated with new technologies. SMEs are unwilling to embrace fintech because it makes them so uncertain with data breaches and fraudulent activities. This thus aligns with the results of Jangir et al. (2022), that perceived risk impels technology

adoption.

Perceived reputation, too, influences fintech adoption among SMEs, according to the study at hand. This also agrees with the inclusion of perceived reputation as one factor that influences the use of technology in UTAUT2 according to Venkatesh et al. (2012). Those providers whom SMEs perceive as reputable and trustworthy will definitely find SMEs more open and likely to adopt fintech services. Again, this is indicative of what Nguyen et al. (2022) established: reputation is a key driver of technology adoption.

Moreover, the challenges faced in the adoption of fintech, such as issues of poor infrastructure and digital literacy, reflect the discussed barriers in Chapter 2. The study shared that a lack of technological infrastructure and digital skills has been considered one of the major barriers; findings from Beck et al. (2018) and Lee and Shin (2018) show that such barriers inhibit effective fintech adaption in developing regions.

5.3 Discussion on the Adoption Attributes

Findings from the study indicated some of the key findings on the adoption of fintech attributes among SMEs in Mukono town. The study has shown that perceived usefulness of services for fintech accordingly has a great influence on SMEs in their adoption decisions. This is consistent with the Technology Acceptance Model (TAM) discussed in Chapter 2, which emphasizes that perceived usefulness-technology perceived to enhance performance-is a key factor in technology acceptance. Also, a study showed that SMEs are more likely to be willing to adopt fintech if they feel such technologies will improve their present financial management and operational efficiency-a positive relationship between expected performance and adoption. Perceived ease of use or expected level of effort for operating the fintech platforms appeared to be one of the vital factors for this study as well.

The finding supports the TAM framework that posits ease in learning and mastery of technology influences users' adoption behavior. The finding is consistent with Senyo and Osabutey's 2020 findings that ease in learning and mastering the technology influences user adoption behavior. The study also revealed other

drivers, which could enhance the likelihood of fintech adoption through user-friendly interfaces and available training support, hence consolidating findings in previous literature where lower expected effort promotes technology adoption. Another key driver of adoption was social influence. The study indicated that recommendations from peers and social networks significantly affect SMEs in their willingness to adopt Fintech services.

This supports the observation made in this study, as UTAUT2 clearly mentioned that the main driver of the intention to use technology includes social influence. Past studies support this finding and prove that social factors and peers' opinions influence the users' decisions in adopting technology. It also examined the role of price value. It gave an indication that SMEs will be adopting fintech with higher perceived benefits over the cost. This aligns with the literature on UTAUT2, which identifies price value as one of the significant factors in technology adoption decisions (Care et al., 2023). Its findings are consistent with those of Mahmud et al., who indicated that cost-effectiveness and perceived savings are some of the key drivers that influence the adoption of fintech services. Meanwhile, facilitating conditions in the form of technical support and digital literacy have emerged as the main facilitators in successful fintech adoption among SMEs. This finding is in line with the UTAUT2 model, according to which Venkatesh et al. (2012) facilitating conditions are considered an important determinant of technology use. The findings thus support the literature review done by Bajunaied et al., 2023, and give credence to adequate infrastructure and training skills, which are important in overcoming barriers to the use of technology. Perceived risk, in the form of security and privacy, has emerged as a deterrent in the adoption of fintech. This is rather in tune with the investigation of perceived risk in technology adoption, which indicated that high perceived risks might deter users from adopting any new technologies in vital areas. The result of the study shares assertions from the literature by Lakshman et al. (2022), in which it has been said that addressing issues of security is highly vital for fostering adoption. This study further consolidates perceived reputation as an antecedent in developing the adoption behavior of the respondents. One can consider that SMEs are most likely to adopt fintech services from their respective providers who maintain a strong and positive

reputation. This is also in line with the consideration of perceived reputation in UTAUT2 as one of the factors in technology adoption. Previous studies prove this idea, showing that a reputable provider increases user trust and the willingness to adopt technology.

5.4 Discussion on the Intention to use

Based on the findings of the study and from the literature reviewed in Chapter 2, the intention to use fintech services among SMEs is influenced by a number of factors. The current study postulates that SMEs with a high level of intention to use fintech perceive it to be an important tool for increasing business performance. This view is supported by Venkatesh et al. (2012), as mentioned earlier in A Unified Theory of Technology Acceptance and Use (UTAUT2). This will be expected performance, as explained in Chapter 2, a belief that the use of fintech would improve efficiency and productivity. This agrees with the findings of Bajunaied et al. (2023) that SMEs would adopt fintech if perceived business performance after use would be effective. The second critical factor is perceived length of effort; this factor is indicative of perception concerning the ease of use of the fintech service. This is further confirmed by the study when it points out that SMEs tend to use those fintech services which are user-friendly, requiring minimum training. As Venkatesh et al. (2012) argue, in developing the technology acceptance model, technologies perceived as easy to use are more easily adopted. This similarity underlines the importance of designing fintech solutions to be accessible and straightforward for users.

This is supported by the role of social influence, where SMEs are found to be more likely to invest in fintech if they are supported by their peers and industry leaders. This agrees with the literature provided by Kilani et al. (2023) and Ong et al. (2023), which identifies the impact of social factors and recommendations from friends upon technology adoption. These findings are reflective of the arguments in the literature that strong recommendations by influential persons or groups give tremendous support to the intention to use fintech. Price value, as suggested in Chapter 2, is perceived trade-off between the benefits of Fintech and its costs. Such a finding in the study of how cost-effectiveness drives intention to use Fintech was supported by Venkatesh et al. (2012) that a positive price influences the

adoption intentions. SMEs are more likely to adopt Fintech solutions if they perceive the financial cost to be less compared to the benefit derived from it, a view supported by Aduba et al. (2023).

Therefore, enabling conditions in terms of technical support and digital literacy are very important for the adoption of fintech. This is also supported by the fact that SMEs with increased resource availability and training were found more likely to use fintech services. Such findings are in line with the literature reviewed in Chapter 2, in which infrastructure and the existence of support systems have been noted as vital components in ensuring technology adoption. Perceived risk, such as security and data privacy, also characterizes one of the most influential factors in affecting the intention to use fintech. In agreement with literature that identifies concerns over security as one of the major deterrents to the adoption of fintech, the results of this study also showed that high perceived risk may hinder the tendency of an SME to adopt fintech (Jangir et al., 2022; Senyo and Osabutey, 2020). The similarity in outcomes thus suggests that addressing security concerns by the providers of financial technology would be the way ahead in increasing fintech adoption. Perceived reputation, indicating the credibility and trustworthiness of the providers of fintech, is another factor contributing to the intention to use fintech. The findings, in which it was determined that SMEs will likely adopt fintech services from reputable companies, are restated through the literature presented in Chapter 2. Nguyen et al. (2022) indicated that perceived reputation was one of the factors that contribute to adopting technology; hence, these findings have been reinforced. Therefore, SMEs with a high intention to use fintech services also perceive them as beneficial in facilitating access to financial resources and enhancing business operations. This corresponds with the discussion in the literature on what is anticipated in terms of performance and how fintech is expected to impact positively on operational efficiency and business finance management.

It follows that concordance perceived benefits are an important motive for the adoption of fintech in the study by Jack and Shuri (2014).

5.5 Discussion on the Attitude Attributes

Results have shown that attitudes towards the adoption of fintech are omnipresent in influencing the willingness of SMEs to embark on new technologies. There is a strong coincidence of the positive attitude of owners and employees of SMEs towards fintech with the intention to use such technologies. This gives manifestations from Chapter 2. According to Venkatesh et al. (2012), attitude toward use is one of the key drivers that influence technology adoption, with a note that positive perceptions about technology may lead to increasing adoption rates. The statement is borne out by the findings of the study; it shows that when SMEs perceive that fintech is useful and usable, they also hold a higher intention to use these technologies. In the same regard, attitudes toward fintech are significantly influenced by perceived usefulness and ease of use, as supported from the literature reviewed in Chapter 2.

A study finds that SMEs with a positive attitude towards perceived benefits of fintech in increasing their efficiency and reducing transaction costs are more likely to adopt these solutions. This is in corroboration with the literature that perceives usefulness as an aspect critical for strengthening attitudes toward technology and engendering its adoption. The effort expected/perceived ease of use of fintech also plays a critical role in shaping attitudes toward technology adoption. From the study, it was realized that those SMEs finding fintech easy to use showed favorable attitudes toward its adoption, a fact that is consistent with the literature on the importance of user-friendliness in technology adoption given by Venkatesh et al., 2012, and Kilani et al., 2023. This corroborates the results in Chapter 2, where ease of use was cited as a major determinant in favorable attitude toward the use of technology, and Gansser & Reich, 2021. From this study, it was also observed how social influence affected attitudes toward the adoption of fintech. It is also in line with the UTAUT2 framework discussed in Chapter 2, where when SMEs receive positive support from both peers and influential individuals, their attitudes toward fintech's are likely to be more positive. Kilani et al. (2023) and De Blanes Sebastián et al. (2023) added that social influence coming from peers or direct recommendations makes a significant influence on attitude and, consequently, technology acceptance. The findings of this study confirm the same in how social factors are very influential in shaping positive attitudes towards fintech's. The price is another factor that influences the attitudes towards the adoption of

Fintech. The research showed that SMEs will have more favorable attitudes when they perceive benefits for the costs incurred in using Fintech. This agrees with the literature reviewed in Chapter 2, where it was suggested that there is a situation where the value of price is positive; hence, benefits which accrue are more than costs therefore attitude towards adoption of technology is strengthened. Such factors as available resources and enablement support serve to influence attitude change on the part of the people towards FinTech. From the results presented in this study, attitude towards adoption of Fintech improves if an SME perceives adequate support and resources that will permit the use of Fintech. This agrees with what was found in Chapter 2, where enabling conditions were seen to be an important ingredient toward the creation of positive attitude and adoption of technology. In this respect, perceived risk-as gauged by the facilitation of security and privacy concerns-strongly influences attitudes toward the adoption of fintech.

The analyses indeed provide evidence that the lower the level of perceived risk by SMEs, the better will be the attitude toward fintech. This again is justified by the literature in Chapter 2, by Jangir et al. (2022), which shows that high perceived risk might act as a deterrent toward technology adoption, while addressing these risks would improve attitudes and result in better adoption.

However, the perceived reputation of the fintech provider changes attitudes towards adoption. In essence, the study notes that SMEs are more likely to adopt fintech when they perceive the provider to be reputable and trustworthy. This is reiterated from Chapter 2, where the sections discussed how perceived reputation shapes positive attitudes toward technology adoption.

5.6. Discussion on the correlation and regression analysis

The results obtained showed that there is a positive and statistical relationship between perceived usefulness and the adoption of Fintech by SMEs in Mukono town. Support for this was underpinned by TAM; arguing that perceived usefulness is one of the significant factors in influencing technology adoption. According to Venkatesh et al. (2012), when SMEs believe that Fintech can increase their business performance and efficiency, the likelihood of adopting Fintech increases.

Regression analysis suggests that perceived ease of use also plays a critical role, and it chimes with the UTAUT2 framework, which outlines expected effort as one

of the fundamental determinants of adopting technology. It is supported that once the Fintech platforms are user-friendly and easy to access, the SMEs demonstrate higher intention toward the use of these technologies, similar to Bajunaied et al. (2023). Social influence looks to be a high factor in influencing fintech adoption.

This reflects the emphasis on social factors as provided by UTAUT2. These findings of regression from the study infer that SMEs will be more likely to adopt fintech when perceived that the influential people in their social network support their use. This result is supported by prior studies which suggested that recommendations from peers and social support help enhance the adoption of technology. Furthermore, the analysis points to facilitating conditions such as access to technical support and digital literacy, which also align with considerations under UTAUT2 such as resources and infrastructure. The results of the study confirm that when available, these can go a long way to support fintech adoption, and this is a point confirmed by Aduba et al. (2023). Two other important factors that make lots of contributions in the adoption of fintech by SMEs are perceived risk and perceived reputation. Regression analysis reveals that factors such as high perceived risk due to data security and financial loss decrease adoption.

In contrast, findings are consistent with prior studies in terms of trust and security issues regarding fintech adoption.
Where the perceived good reputation of fintech providers is concerned, Chandra et al. (2010) have supported the fact that perceived good reputation of technology and provider means that the user is able to develop more trust in it and use it. The findings resonate with the broader literature on perceived risk and reputational factors affecting technology adoption and use.

5.7 Conclusions

Based on TAM, the perceived usefulness in the adoption of FINTECH among SMEs significantly shows the role in Mukono town. This becomes an indication that perceived usefulness coupled with perceived ease of use will correlate positively; hence, the argument would go that SMEs are likely to adopt technologies if they feel it will serve to enhance their business performance. This finding identifies that showing the real benefits derived from fintech solutions is very crucial in order

to improve the adoption of SMEs, which is highly supported by Venkatesh et al. (2012). The perceived ease of use was also found as a critical determinant in the process of adoption, just in consistency with the expected effort stressed under UTAUT2.

The findings presented identify that friendly and easy-to-access fintech platforms significantly influence SMEs' intentions to adopt such technologies. This also reconfirmed the literature on simplifying technological interfaces and accessibility regarding easy access, which enables the higher adoption rate in SMEs as cited by Bajunaied et al. (2023). Another influential determinant of the adoption of fintech was social factors and enabling conditions. The findings reveal that SMEs are likely to adopt fintech when they perceive social support from influential network members and have the resources and technical support. For this, support is obtained from the fact that this observation clearly matches the UTAUT2 model, which uses social influence and favorable conditions as the two main means that are necessary for technology adoption. These further gains support from Kilani et al. (2023) and Nawayseh (2020), in which both studies emphasized the need for social support and adequate support structures for easily allowing fintech adoptions. The research ends by showing the perceived risk and reputation which will determine adoption. Finally, high perceived risk reduces adoption, while positive perceived reputation of FinTech providers supports the intention to adopt. Once more, this finding chimes with the more general literature placing primacy on issues of trust and security for the successful diffusion of technology.

These results reinforce the need to address security issues by providers of fintech and to build a reputable image that would facilitate higher adoption rates, as reflected in the work of Jangir et al. (2022). This is reflected in the strong and significant relationship that perceived usefulness has with fintech adoption among SMEs in Mukono town. It indicates that perceptions of the value of the technology play a critical role in influencing decisions to adopt such technology.

SMEs are more likely to integrate fintech solutions when they perceive them as useful to their operations, in partial support of the claim by the technology acceptance model that perceived usefulness is a major determinant of technology adoption.

5.8 Recommendations

Based on the findings of the study, the researcher made some recommendations. The researcher recommended that fintech providers increase the perceived usefulness of their solution by making it clear to the SMEs what benefits and value they are going to derive from them. If it can be shown how fintech would help in operational efficiency, cost reduction, and better management of finances, then it will have a greater degree of influence on the adoption decision. By focusing on these tangible benefits, fintech providers can address major pain points for SMEs, spurring further technology adoption. Additionally, the researcher suggests that the fintech solution will make users' experiences simple, a factor that would go a long way in increasing adoption rates. In this case, the use of investors in designing intuitive interfaces with regards to ease of use of the technology will go in tandem with the findings of the study that perceived ease of use is a significant factor that affects the adoption. This will minimize complexity and usability barriers for adoption through user-friendly platforms and comprehensive training and support. The researcher further suggests that financial technology providers should establish close social networks and support groups for SMEs, in order to enhance the social networks of the latter and thus create enabling conditions for SMEs. Positive social influence and access to enabling conditions show a high degree of significance from the study in technology adoption. By creating an enabling environment comprising partner networks, customer support, and resource availability, the fintech providers are able to enhance adoption likelihood for the SMEs.

In the light of perceived risk and reputation findings, the researcher advises that fintech providers need to strengthen security measures and a trustworthy reputation. The adequacy of data security and fraud protection can reduce the perceived risk, hence increase the confidence of potential users. When trust is earned among SMEs, it goes a long way in translating into sound results of dependability and openness.
Finally, the researcher recommends establishing mechanisms for continuous engagement and feedback to enhance fintech solutions continuously in efforts toward addressing emerging issues. Such engagement with SMEs about their

changing needs and challenges enables providers to improve their services in an effort to keep user satisfaction at a high level. This ensures the fintech solutions are relevant and effective, thus fostering greater adoption and integration into the operations of SMEs.

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Appendices

Appendix 1: Questionnaire

UGANDA CHRISTIAN UNIVERSITY

SCHOOL OF BUSINESS

A QUESTIONAIRE FOR THE BUSINESS OWNERS AND EMPLOYEES OF SMALL AND MEDIUM ENTERPRISES IN MUKONO TOWN

I am NAMULWANA IRENE SSUUBI a student of Uganda Christian university conducting a research study on" Fintech Adoption and Performance of Small and Medium Enterprises"

(SMEs) in Mukono town as a partial requirement for the award of a Bachelor's Degree in Business Administration at Uganda Christian University.

I am kindly requesting you to assist me by answering the following questions in this study. Your insights and experiences are incredibly valuable to me and will greatly contribute a lot to the study. Your responses will be kept strictly confidential and anonymous.

SECTION A: Demographic Data

Please tick () in the appropriate ☐ box as the most agreed answer to the following statements.

1. Gender of the respondent

Male ☐ Fem ☐

2. Age group of the respondent

20 – 30years ☐ 30 – 40years ☐ 40 – 50years ☐ above 50years ☐

3. Marital status of the respondent

Single ☐ Married ☐ Widow ☐ Widower ☐ Divorced ☐

4.Education level of the respondent

Primary level ☐ Secondary leve ☐ Certificate level ☐

Diploma level ☐ Bachelor's level ☐ Master's level ☐

Others specify …….

SECTION B:

The following represent the rankings below

1 - agree 2 - strongly agree 3 – not sure 4 – disagree

Kindly tick the most appropriate answer

(i) Behavioural attributes

		Rankings			
	Statements	1	2	3	4
BA 1	Fintech services provide a useful way to manage my finances.				
BA2	I feel confident using fintech applications without needing assistance.				
BA3	My trust in the security and privacy of fintech services influences my decision to use them.				
BA 4	The opinions and recommendations of friends, family, or colleagues affect my decision to use fintech services				
BA5	The perceived cost-effectiveness of fintech services is important in my decision to use them.				
BA6	I frequently use fintech applications because I am accustomed to using digital financial tools.				
BA7	I am comfortable with the potential risks associated with using fintech services.				
BA8	I am eager to try out new fintech applications and technologies as soon as they become available.				
BA9	My previous experience with digital technologies influences my willingness to use fintech applications.				
BA10	The convenience of accessing financial services anytime and anywhere is important in my decision to use fintech applications.				

(ii) Adoption attributes

	Statements	1	2	3	4
AA1	Fintech services align well with my existing financial habits and practices.				
AA2	I perceive fintech services as offering significant advantages over traditional financial services.				
AA3	Setting up and using fintech applications is straightforward and not complicated.				
AA4	I am more likely to adopt a fintech service if I can try it out before committing to it.				
AA5	Seeing visible benefits from using fintech services is important to me before I adopt them.				
AA6	The quality of customer support and overall service significantly influences my decision to adopt fintech services.				
AA7	The availability of fintech services in my region affects my decision to use them.				
AA8	The ability to customize and personalize fintech applications is important to me.				
AA9	I expect fintech services to perform reliably and efficiently which influences my decision to adopt them.				
AA10	The effort required to learn and use fintech applications impacts my willingness to adopt theme.				

(iii) Intention to use

	Statements	1	2	3	4
IU1	I believe that using fintech applications will improve my financial management.				
IU2	I find fintech applications easy to use and navigate.				
IU3	My confidence in the security measures of fintech applications influences my intention to use them.				
IU4	Recommendations from friends, family, or colleagues affect my intention to use fintech services.				
IU5	Fintech services align well with my existing financial practices, which increases my intention to use them.				
IU6	My concerns about potential risks, such as privacy issues or financial loss, affect my intention to use fintech services.				
IU7	Access to reliable internet and technical support enhances my intention to use fintech applications.				
IU8	The cost and perceived economic value of fintech services influence my intention to adopt them.				
IU9	The convenience of accessing financial services anytime and anywhere is a significant factor in my intention to use fintech applications.				
IU10	My past experience with digital financial tools or other technologies affects my intention to use fintech services.				

(iv) Attitude attributes

	Statements	1	2	3	4
AA1	I find fintech services beneficial for managing my finances.				
AA2	I feel comfortable using fintech applications compared to traditional banking services.				
AA3	I have confidence in the security and privacy of my data when using fintech applications.				
AA4	I have a positive overall attitude towards using fintech services.				
AA5	I am enthusiastic about exploring new fintech technologies and services.				
AA6	I believe fintech services offer greater efficiency and convenience compared to traditional financial services.				
AA7	I am satisfied with my current experience using fintech services.				
AA8	I find fintech services to be reliable in handling my financial transactions.				
AA9	I am comfortable accepting the potential risks associated with using fintech services.				
AA10	The opinions of my peers and family positively influence my attitude towards using fintech services.				

Appendix 2: Data Collection Letter

SCHOOL OF BUSINESS

19th Aug, 2024

TO WHOM IT MAY CONCERN

Name**: NAMULWANA IRENE SSUUBI** Reg. No S21B05/002

A bachelor's student who is seeking permission from your office to collect data for her dissertation titled

FINTECH ADOPTION AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs), UGANDA.A CASE OF MUKONO TOWN, UGANDA

We shall be grateful if you could render assistance to her in collecting the necessary data for her dissertation

The Uganda Christian University School of Business thanks you in advance

……..

Mukisa Simon Peter

Research coordinator