

ADOPTION OF FINANCIAL TECHNOLOGY AMONG YOUTH IN UGANDA

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DECLARATION

I, Ayikoru Elizabeth Sonia, hereby declare that this dissertation is my original work and has not been submitted previously, in whole or in part, for any degree or professional qualification at any other academic institution. All sources of data used in this dissertation have been duly acknowledged.

Name: Ayikoru Elizabeth Sonia

Signature.....

Date..... 12 / 09 / 2024

APPROVAL

This dissertation is submitted by Ayikoru Elizabeth Sonia, in partial fulfillment of the requirements for the award of the degree of bachelor's in business administration at Uganda Christian University.

This work has been carried out under my supervision and has been approved for submission to the School of Business.

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Date: 12/09/10

DEDICATION

I dedicate this dissertation to my family and friends, whose unwavering support, encouragement, and love have been my constant source of strength throughout this journey. To my Dad, for his endless sacrifices and belief in my dreams, and to my mentors, whose guidance and wisdom have inspired me to for excellence. This work is also dedicated to all the youth who strive to adapt and thrive in an ever-changing digital world, embracing innovation and the opportunities presented by fintech.

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Table of Contents

DECLARATION.....	i
APPROVAL.....	ii
DEDICATION	iii
ACKNOWLEDGEENT.....	iv
ABSTRACT.....	viii
CHAPTER ONE.....	1
1.0 Introduction:	1
1.1 Background Context:.....	1
1.2 Problem Statement:	3
1.3 Purpose of the Study:	4
1.4 Specific Research Objectives:.....	4
1.5 Research Questions:	4
1.6 Research Hypothesis:	5
1.7 Scope of the Study:	5
1.8 Limitations of the Study:.....	6
1.9 Significance and Relevance:	6
CHAPTER TWO	7
LITERATURE REVIEW.....	7
2.0 Introduction.....	7
2.1 Theoretical Review	7
2.3 Empirical Studies	9
2.3.1 Technological Infrastructure and Microcredit Uptake.....	9
2.3.2 Digital Literacy and Microcredit Uptake.....	9
2.3.3 Socio-Economic Factors and Microcredit Uptake.....	9

2.3.4 Awareness and Knowledge and Microcredit Uptake.....	10
2.3.5 Marketing and Promotion and Microcredit Uptake.....	10
2.3.6 Government and Regulatory Policies and Microcredit Uptake.....	10
2.4 Related Studies.....	10
2.5 Research Gaps.....	11
CHAPTER THREE	12
METHODOLOGY	12
3.0 Introduction.....	12
3.1 Research Design.....	12
3.2 Study Population.....	12
3.3 Sampling.....	12
3.3.1 Sample Size	12
3.3.2 Sampling Techniques.....	13
3.4 Sources of Data	14
3.4.1 Primary Data.....	14
3.4.2 Secondary Data.....	14
3.5 Data Collection Tools.....	14
3.5.1 Questionnaire.....	14
3.6 Data Collection Procedure.....	14
3.7 Data Processing and Analysis	15
3.7.1 Data Processing	15
3.7.2 Data Analysis and Presentation	15
3.8 Ethical Considerations and Limitations	15
3.8.1 Ethical Considerations.....	15
3.8.2 Limitations of the Study	15

3.8.3 Concentration Measures	16
CHAPTER FOUR.....	17
DATA PRESENTATION, INTERPRETATION, AND ANALYSIS.....	17
4.0 Introduction.....	17
4.1 Demographic Information.....	17
4.1.1 Gender Distribution	17
4.1.2 Academic Qualifications	17
4.1.3 Age Distribution	18
4.1.4 Digital Experience	18
4.2.1 Digital Literacy and Fintech Adoption	19
4.2.2 Socio-Economic Factors and Fintech Adoption.....	19
4.2.3 Awareness and Knowledge and Fintech Adoption	19
CHAPTER FIVE	20
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS	20
5.0 Introduction.....	20
5.1 Discussion of Findings	20
5.1.1 Relationship Between Digital Literacy and Fintech Adoption Among Youth	20
5.1.2 Relationship Between Socio-Economic Factors and Fintech Adoption Among Youth ...	20
5.1.3 Relationship Between Awareness and Knowledge and Fintech Adoption Among Youth	21
5.2 Conclusions	21
5.3 Recommendations	22
5.4 Areas of Further Study	22
REFERENCE.....	23
APPENDIX.....	24

ABSTRACT

Through the exploration of those factors that affect the adoption of fintech among the youth, based on digital literacy, socio-economic factors, and awareness and knowledge as key determinants of the adoption of fintech, this dissertation collects its data via a mixed-method approach from 50 respondents using structured questionnaires and analyzes the relationship of these variables in fintech adoption. The findings show that knowledge or digital literacy and awareness contribute significantly to higher levels of fintech adoption, while socio-economic factors further influence the said adoption moderately but notably. It is thus indicated by the study that improvement in digital skills and awareness through targeted campaigns and educational initiatives will go on to help increase the use of the services in question among the youth. The overcoming of socio-economic obstacles requires intervention on the part of the strategic policy makers. The study may inform drivers of fintech adoption and provide valuable insights for recommendations to policymakers, financial institutions, and technology developers in the design of effective interventions that increase fintech uptake among young people.

CHAPTER ONE

1.0 Introduction:

Fintech and microcredit adoption among the youths in Uganda is considered the trend of change in the financial landscape. Considering that the population is basically young and getting technology-savvy, an increase in fintech usage and utilization of microcredit is transforming the way financial services will be sought and utilized. In fact, it is very prominent, particularly in the case of a student who has some special constraints, such as an insufficient income level, geographical inaccessibility, and a lack of enough knowledge about financial issues.

For many young Ugandans, fintech innovations, like mobile money and digital banking applications, form part of everyday life. They offer convenient, affordable, and acceptable financial solutions. Such technologies not only bridge the gap in the scarcity of physical banking infrastructures but also appeal to the digital preferences of the youth. Concomitantly, microcredit programs also empower young entrepreneurs and students with financial wherewithal to pursue education, initiate businesses, and acquire economic independence.

The present study investigates the key drivers of fintech adoption and microcredit uptake among Ugandan youth students. This research, therefore, aims to provide evidence on what would be a successful strategy to increase financial inclusion and economic empowerment for this specific age bracket through informed policy decisions by policymakers and financial institutions, among all relevant stakeholders. This will be paramount in helping develop targeted interventions that truly meet the peculiar needs and preferences of young people, which further helps achieve general socio-economic development goals in Uganda.

1.1 Background Context:

Increased adoption of Fintech by youths, especially students in Uganda, has been on the increase over the last couple of years. The interest in the uptake of microcredit among target groups is also reported to be increasing. Understanding the drivers of this trend is important for effective policy formulation, financial institution strategies, and other stakeholders interested in promoting financial inclusion and economic empowerment among Ugandan youths.

Like any of the developing countries, Uganda faces problems that relate to the financial inclusion aspect. It is from the World Bank that only 58% of the adults in Uganda have access to formal financial services, with considerable disparities across different demographic groups. World bank, 2022. In the case of the youth, especially students, access to financial services has normally been restricted due to factors such as income levels, geographical barriers, and general lack of information on the availability of options.

The rapid proliferation of both mobile phones and internet connectivity does indeed set the stage for rapid fintech adoption among Ugandan youth. For convenience, accessibility, and affordability, Mobile Money has become widely popular, usually powered by MTN Mobile Money and Airtel Money.

The adoption of digital financial solutions has also been driven through the emergence of Fintech startups, which provide new financial products and services suitable for youth needs. Such an innovative channel includes modern banking applications, online savings, and lending websites that allow a faster, more transparent, and less bureaucratized alternative to traditional bank services.

The drivers of fintech adoption among the youth students in Uganda include the convenience and accessibility of the financial services provided on mobile platforms, as these tend to meet the lifestyles and preferences of technology-native youth who have been accustomed to smartphones for most daily purposes. Furthermore, because most of the countryside areas in Uganda have a lack of branches and ATMs, it is practical for the youth students who stay out in such areas to seek services from mobile money.

In addition, embedding fintech solutions in daily life activities-for example, in paying school fees, in sending and receiving allowance, and in executing business transactions-has driven young students to use the technologies. The growing acceptance of mobile money as a form of legal tender cash for online and physical transactions has also favored rampant adoption by the youth.

This goes hand in hand with increased uptake of microcredit among the youth students in Uganda, increasing hand in hand with the adoption of fintech. Microcredit is described as small credits extended to people with no access to conventional banking services. In this respect, it plays a very vital role in enabling the youth to engage in entrepreneurship and economic empowerment.

Microfinance institutions and NGOs have been highly engaged in offering access to microcredit for undeserved youths, including students.

The literature has identified a number of factors as to why youth students in Uganda take up microcredit facilities. First, the need for self-employment opportunities and financial independence drives students to seek microcredit to finance small business ventures. Besides, microcredit facilities have flexible repayment terms; minimal collateral requirements make it accessible for the youth without formal employment and tangible assets.

Another influence that could not go unnoticed is the social networks and peer influences that make students informed of the available opportunities for microcredit through word-of-mouth referrals among classmates, friends, or community members. MFIs and NGOs have a great role in raising awareness among youths and students about the programs of microcredit, though ensuring financial literacy to be accorded necessary for informed choice in their decision to borrow.

The drivers of fintech adoption and uptake of microcredit among youth students in Uganda are thus multivariate and intertwined. Convergence of technological changes, shifting consumer preferences, and focused financial inclusion programs created an enabling environment for the youth to have access and use of digital financial services and microcredit products. Looking ahead, efforts at sustaining and further improving these trends should focus on addressing the remaining barriers to access, improving financial literacy, and building an inclusive financial innovation ecosystem responsive to the needs of Ugandan youth.

1.2 Problem Statement:

In as much as Ugandan authorities and relevant bodies are making efforts to improve inclusion in finance, a majority of the youth in Uganda, particularly students, do not have equal access to formal financial services. The exclusion of students from formal financial services reduces their economic opportunities and the overall socio-economic development. The present study will seek to investigate the factors associated with the adoption of fintech and microcredit among students in Uganda and the ways in which these factors would influence their financial inclusion and economic empowerment.

1.3 Purpose of the Study:

The purpose is to investigate the primary factors influencing fintech and microcredit adoption among young students in Uganda, and how these contribute to their financial inclusion and economic empowerment. The insights will guide policymakers and stakeholders in designing effective strategies for financial access and literacy among Ugandan youth.

1.4 Specific Research Objectives:

1. Identify the main drivers of Fintech adoption: Highlight how technological infrastructure, digital literacy, and socio-economic factors are playing a role in shaping fintech adoption by the youth.
2. Identify the Determinants of Microcredit Uptake: The study examines the characteristics and perceptions of youth in respect to access to microcredit and the factors at the institutional level which influence the youths' decision to borrow.
3. Assess Impact on Financial Inclusion: Assess how this access to Fin-tech services and programs of microcredit increases the financial capability and inclusion of young people.
4. Mapping the Road to Economic Empowerment: Understand how Fintech is driving the generation of income and the role that microcredit is playing in affording opportunity for entrepreneurship among the youth.
5. The Policy Recommendation should be added here, providing actionable insights to policymakers on how to enable the adoption of fintech and microcredit among young people to complement their socio-economic development.

1.5 Research Questions:

1. What are the primary factors influencing fintech adoption among youth students in Uganda?
2. What are the main determinants driving microcredit uptake among youth students in Uganda?
3. How do these factors contribute to financial inclusion among youth students in Uganda?

4. How does fintech adoption impact the economic empowerment of youth students in Uganda?
5. How does microcredit uptake influence entrepreneurial activities among youth students in Uganda?
6. What policy recommendations can be made to enhance fintech adoption and microcredit uptake among youth students?

1.6 Research Hypothesis:

H1. Technological infrastructure, such as mobile phones and internet access, positively influences fintech adoption among youth students in Uganda.

H2. Higher levels of digital literacy among youth students are associated with increased fintech adoption.

H3. Socio-economic factors like income levels and geographical location significantly affect fintech adoption.

H4. Awareness of microcredit programs increases microcredit uptake.

H5. Flexible repayment terms and minimal collateral requirements increase microcredit uptake.

H6. Adoption of fintech and microcredit significantly enhance financial inclusion and economic empowerment.

1.7 Scope of the Study:

Both quantitative and qualitative research approaches will be used in the study, with surveys and interviews for data collection among all youth students across Uganda. It seeks to identify specific characteristics, technological infrastructural support, and institutional factors that may influence FinTech adoption and uptake of microcredit. The impacts on financial inclusions and economic empowerment will also be assessed and policy recommendations from empirical findings provided.

1.8 Limitations of the Study:

1. Sampling bias-The study may not be fully representative of all youth students, especially among those who are from deprived or hard-to-reach populations.
2. Specificity of Context: Results might be specific to the socio-economic and institutional contexts of Uganda alone and, therefore, not generalizable outside of these contexts.
3. Data Reliability: Some of the possible limitations include response biases and measurement errors, which will be minimized as much as possible.
4. Temporal Dynamics: The paper may fail to consider future developments in Fintech and microcredit markets.
5. Ethical Issues: Privacy concerns and ethical guides may be limiting factors in the gathering and analysis of data.

1.9 Significance and Relevance:

1. Enhanced Financial Inclusion: The insights developed in this study will lead to increased financial access and literacy among the youth in Uganda.
2. Empowerment of the Youth: It will find out how the project can promote entrepreneurship and economic independence among the youth.
3. Informed Policy and Practice: The findings will give evidence to inform policy and programs for financial inclusions and economic empowerment.
4. The study will inspire innovation and collaboration among financial organizations, technology firms, and other partners in the development process.
5. Development of Knowledge: This study will help fill the existing gaps in the available literature regarding financial inclusion and youth empowerment.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews the literature on those factors influencing the adoption and use of microcredit among youth students in Uganda. It presents a review of some empirical studies and theoretical frameworks that explain the dynamics of uptake of microcredit and the adoption of financial technology (fintech) solutions. In addition, this chapter identifies the research gaps and hence strives to give an all-rounded understanding of the determinants in the adoption of fintech and microcredit.

2.1 Theoretical Review

Several theoretical models can be used to analyze the adoption of fintech among young students in Uganda.

Technology Acceptance Model: TAM, as suggested by Davis (1989), is based on two main factors: perceived usefulness and perceived ease of use, which basically makes an individual's decision to adopt new technologies. In fact, recent literature has indicated that mobile-based financial innovations, including mobile money, would resonate with digitally savvy youths because of convenience and accessibility (Lwanga & Adong, 2020). This explains why Ugandan youth increasingly have confidence in fintech solutions since they are easily integrated into their daily lives and meet their financial expectations.

Theory of Planned Behaviour: TPB maintains that people are driven to behave by their intention, which in turn is influenced by attitudes, subjective norms, and perceived behavioural control. According to Ajzen (1991), among the youth students, positive attitude towards microcredit due to aspirations for financial independence and entrepreneurial opportunity leads to the willingness to seek microloans. Peer influence and social networks thus play a vital role in the dissemination of information and promotion in taking up microcredit.

The theory of financial intermediation has been used to highlight the facilitation role of financial intermediaries in economic activities. Traditional financial institutions face infrastructural challenges in reaching the youth in rural areas of Uganda. In this regard, Fintech and microcredit

services provide alternative intermediation services, offering customized products which suit the specific needs of the youth, hence facilitating financial inclusion.

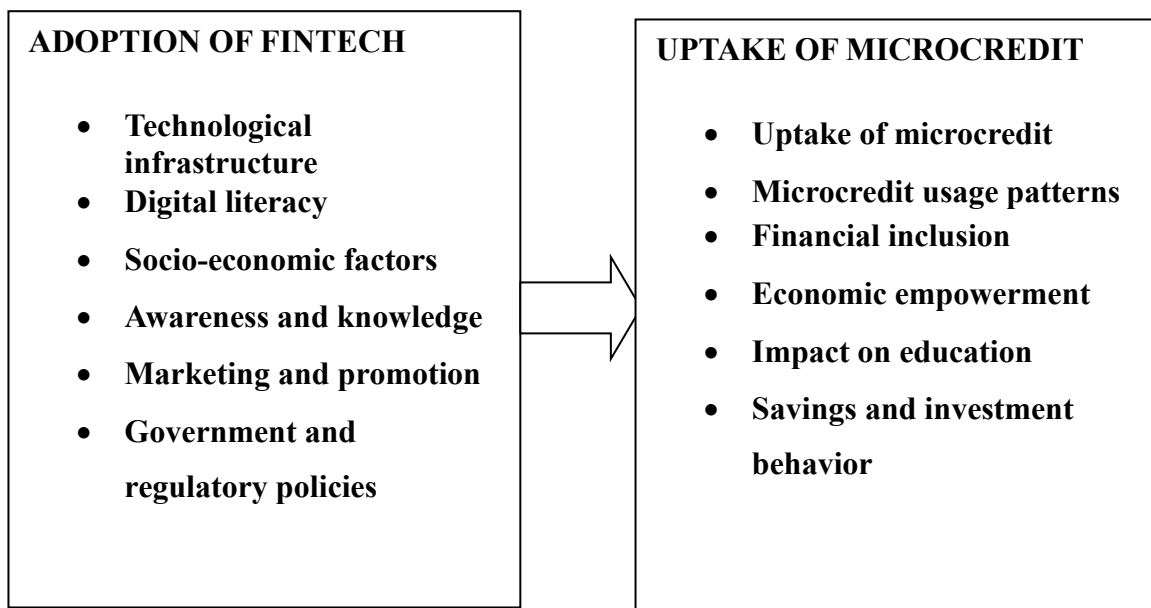
The Capability Approach: Theorized by Amartya Sen, this approach looks to augment the capabilities of individuals to achieve valuable life outcomes. In this context, access to fintech and microcredit empowers young people with the financial wherewithal to pursue education and business opportunities and improve their socioeconomic status.

Diffusion of Innovations Theory: Rogers, 2003, states that the process in which new technologies diffuse to take root within a society is influenced by innovators and early adopters. In Uganda, the use of FinTech and microcredit among the youth is influenced by the early adopters who, after using the services, create awareness of the beneficial aspects of the services and, in turn, increase the speed at which it is being taken up. Indeed, Muyengera & Matsumoto (2020) observe this trend to be so in Uganda.

2.2 Conceptual Framework

Independent Variables

Dependent variables



Source: Adopted from Abdou (2009)

The conceptual framework for this study presents an overview of the relationship between the adoption of fintech and the uptake of microcredit among the youths who are students in Uganda.

The independent variables that influence the dependent variables of financial inclusion and economic empowerment are technological infrastructure, digital literacy, socio-economic factors, awareness, and knowledge.

2.3 Empirical Studies

2.3.1 Technological Infrastructure and Microcredit Uptake

Literature has indeed supported how technological infrastructure influences microcredit uptake. Mago and Chitokwindo, for instance, 2014, observed that the extension of mobile network coverage in Zimbabwe favored access to microcredit for rural communities. In the same direction, Suri and Jack, 2016, demonstrated how the mobile money services provided by M-Pesa in Kenya enable financial inclusion and, hence, the use of microcredit as an effect of the improved mobile network infrastructure. In Uganda, Blumenstock, Eagle, and Fafchamps 2016 established that mobile phone access enabled easier use of microcredit services by reducing transaction costs and improving information flows.

2.3.2 Digital Literacy and Microcredit Uptake

Digital literacy influences microcredit uptake. The study by Koomson, Annim, and Peprah showed that with increased digital literacy, the chances of the use of microcredit services among the people in Northern Ghana are higher. In Uganda, Nanfuka, Nakabugo, and Basaza said that at a higher level of digital literacy, the youth are more capable of using digital financial services that include microcredit. The study targeted educational initiatives that would lead to increased digital literacy and financial inclusion.

2.3.3 Socio-Economic Factors and Microcredit Uptake

Socioeconomic factors, such as income levels, influence geographic location in the uptake of microcredit facilities. In this line, Boateng et al. (2020) established that higher levels of income and place of residence in an urban area in Ghana were positively related to the utilization of microcredit facilities. In corroboration, the results of Okello et al. (2021) showed that poor households in Uganda had lesser probabilities of accessing microcredit services because of perceived risks and low financial literacy levels.

2.3.4 Awareness and Knowledge and Microcredit Uptake

Microcredit uptake requires awareness and understanding. For instance, Chavula and Mamba 2020 affirm that the more the people of Malawi are aware of microcredit, the more likely they would be to patronize the services. Equally, Mukuma, Fish, and Coleman 2020 in Uganda shared similar opinions on the importance of financial education in improving microcredit uptake among smallholder farmers.

2.3.5 Marketing and Promotion and Microcredit Uptake

Swamy and Tulasimala (2020) established that targeted marketing campaigns indeed influenced the adoption of microcredit services among rural women in India. In the same breadth, Kagaba, Akampurira, and Mubiru (2020) indicated, in Uganda, that where promotional activities had been executed-such as financial literacy workshops-the uptake of microcredit among SMEs had increased. This shows that marketing strategies highly influence microcredit uptake.

2.3.6 Government and Regulatory Policies and Microcredit Uptake

Government policy directives are very important in setting up the scene for microcredit. For instance, Ahmed and Luo (2021) reported that supportive regulatory policies in Bangladesh fueled better access to microcredit. In Uganda, Tumwesigye, Mpeirwe, and Nansubuga (2020) found that increased government efforts aimed at improving rural financial infrastructures significantly improved microcredit uptake among smallholder farmers.

2.4 Related Studies

A survey of various studies performed on fintech and microcredit adoption has established that this factor also perhaps resonates in developing countries. For example, a study by Eniola and Entebang (2017) in Nigeria identified that entrepreneurial traits played an important role in microcredit uptake. In Kenya, Mwangi and Sichei (2016) found that social capital plays an important role in microcredit adoption. In India, studies by Duvendack & Palmer-Jones (2012) and Bruxton et al. (2011) in Mexico disclose that psychological factors and cultural norms have a very important role to play. Some specific studies, on the influence of remittances and financial inclusion policies on microcredit uptake, go further in depth, focusing on Ghana by Fafchamps & La Ferrara, 2012, and China by Hwang & Li, 2018.

2.5 Research Gaps

There are still several gaps that exist despite considerable research conducted on the adoption of fintech and the uptake of microcredit.

1. **Integrated Approach:** Hardly any comprehensive research has brought together the variables of technological infrastructure, digital literacy, and socio-economic factors to integrate their total effects on microcredit uptake.
2. **Cultural and Psychological Factors:** The state of the culture and psychological factors determines the level of Fintech and microcredit adoption in Uganda, which has not been researched much.
3. **Longitudinal Studies:** A majority of the studies provide cross-sectional analysis; hence, there is a need to understand the long-term impacts that might ensue from fintech regarding financial inclusions and economic empowerments.
4. This means that gender-specific studies will be required in understanding where and how male and female youths differ in the adoption and utilization of microcredit through fintech.
5. **Policy and Regulatory Impact:** Further empirical research is needed with a view to assessing the efficiency of prevailing policies and making subsequent proposals on regulatory improvements that could favor fintech integration in the microfinance sector.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the research methodology used to explore the adoption of fintech among youth. It outlines the research design, study population, sampling techniques, data sources, and data collection tools, along with the procedures for data processing and analysis. The goal is to ensure a comprehensive and systematic approach that effectively addresses the research questions.

3.1 Research Design

The study adopted a sequential mixed-methods research design, which was integrated through both quantitative and qualitative approaches. The quantitative study includes a survey of a diverse sample of the youth. Key variables being measured include: digital literacy, socio-economic status, and the role of technological infrastructure on fintech adoption. It will incorporate the qualitative aspect through interviews or focus groups in order to gain insight, on an in-depth level, into the motivations and challenges that the youth face in adopting fintech based on the Technology Acceptance Model-TAM by Davis (1989). This thus embodies both a quantitative and a qualitative approach in fully comprehending the fintech adoption dynamics among the youth.

3.2 Study Population

The research targets youth between the ages of 18 and 35, as this age bracket is most suitable for adapting to digital financial services. Representative samples shall be targeted in the population to ensure that there is a good mix of socio-economic status, educational levels, and geographic locations to allow for a wide spectrum of experiences and attitudes towards fintech. Such a sample would be representative of the factors influencing fintech adoption in the age group. It was thus decided that the sample size should be of a number sufficiently large to allow for relevant statistical analysis, enabling subgroups like students, early-career professionals, and entrepreneurs, who might have different motivations and barriers to fintech adoption.

3.3 Sampling

3.3.1 Sample Size

The sample size is calculated using Slovin's formula:

$$n = \frac{N}{1 + N * e^2}$$

Where:

- n = Sample Size
- N = Total Population Size
- e = margin of error (usually expressed as a decimal, 0.05 for 5%)

$$n = \frac{N}{1 + N * e^2}$$

$$n = \frac{50}{1+50*(0.05)^2}$$

$$n = \frac{50}{1+50*0.0025}$$

$$n = \frac{50}{1+0,125}$$

$$n = \frac{50}{1.125}$$

$$n = 44.44$$

To achieve a representative sample within the assigned margin of error, it is necessary to have roughly 45 participants, when rounded up.

3.3.2 Sampling Techniques

Stratified random sampling will be used, whereby the research population is divided into distinct subpopulations or strata, guided by the basis of age, for example: 18-24, 25-30, and 31-35; social-economic status; or level of education. In that way, participants within each stratum will be randomly selected to ensure proportionate representation of all subgroups, therefore reducing the threat of sampling bias and allowing more accurate comparisons among different segments of the youth population.

3.4 Sources of Data

3.4.1 Primary Data

This will be done through collecting primary data from structured questionnaires that will be distributed to the targeted sample. Some of the variables to be captured include the level of digital literacy, perceived ease of use, and the barriers to the adoption of FinTech. The questions will involve both closed and open-ended questions to capture quantitative data and qualitative insights.

3.4.2 Secondary Data

Data from secondary sources will be obtained from academic journals, reports, and statistics from renowned institutions. This will be helpful in giving the contextual background and comparative analysis to complement the primary data for presenting a wide understanding of the adoption of FinTech among youth.

3.5 Data Collection Tools

3.5.1 Questionnaire

The main instrument of data collection will be a structured questionnaire that allows for the collection of both quantitative and qualitative information. It contains questions related to demographic data, as well as specific questions with regard to the use of fintech, perceived benefits, and barriers. Closed-ended questions, such as items on a Likert scale, are meant to measure attitudes and perceptions, while open-ended questions capture detailed experiences and motivations. The questionnaires will be administered online and in person to make them more accessible and capture responses from a wide diversity.

3.6 Data Collection Procedure

The ambiguities in the questionnaire will be tested beforehand with a small sample. Answers shall be sought using a stratified random sampling technique so that participants could be selected from different age groups, socio-economic backgrounds, and different geographic locations. The distribution will be done through social media, educational institutions, community organizations, and Fintech service providers. Online distribution will be done through online tools like Google Forms, while offline data collection will be done at public places and university areas.

An informed consent form will be given before commencing, explaining the purpose of the study, use of data, and confidentiality. The participants consent either in digital form or by signature. The real time period of actual collection will be observed, making checks on response rate. Strategies shall be modified to ensure optimum response rate in case the response rate is below expectations. Completed questionnaires, after collection, will be stored security and prepared for analysis.

3.7 Data Processing and Analysis

3.7.1 Data Processing

Data processing involves organizing and preparing the responses collected into a format that is ready for analysis. This involves cleaning, coding, and data entry using Excel and other statistical software. Key variables will be summarized with descriptive statistics, and the association between certain factors in the study, like socio-economic status, and fintech adoption, will be explored using inferential statistical methods such as regression analysis. The qualitative data from open-ended questions will be analyzed thematically through content analysis to identify patterns and themes.

3.7.2 Data Analysis and Presentation

Data analysis will determine the use of fintech across different age groups. The mean score of responses will be computed and represented through tables and graphs for easy visualization of the distribution of the level of adoption. In this case, it will go a long way to clearly decipher how the level of fintech adoption varies by age and demographic factors.

3.8 Ethical Considerations and Limitations

3.8.1 Ethical Considerations

The study's objective, handling of data, and security protocols will be communicated to the participants. To preserve confidentiality, personal data will be de-identified. The study will be conducted ethically and honestly, producing precise outcomes.

3.8.2 Limitations of the Study

There are certain possible drawbacks such as the risk of sampling bias due to lack of response and the dependence on self-reported information which can be swayed by social desirability bias.

Another issue is that the level of detail in qualitative responses may be restricted when compared to other techniques such as conducting thorough interviews.

3.8.3 Concentration Measures

The Gini Coefficient is employed to examine the disparity in the acceptance of fintech across various socio-economic categories. The Herfindahl-Hirschman Index is utilized to evaluate how much fintech usage is dominated by particular age groups. Meanwhile, the Standard Deviation and Variance measures can determine the deviation in adoption percentages among distinct subgroups.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION, AND ANALYSIS

4.0 Introduction

This chapter presents the analysis and interpretation of the research findings on fintech adoption among youth. The analysis addresses the research objectives, focusing on factors such as digital literacy and socio-economic status.

4.1 Demographic Information

4.1.1 Gender Distribution

The study included 50 respondents, with 60% male and 40% female, providing a balanced representation.

Gender	Frequency	Percentage
Male	30	60%
Female	20	40%
Total	50	100%

Source: Primary data, 2024

4.1.2 Academic Qualifications

Respondents had diverse educational backgrounds: 36% held undergraduate degrees, followed by diploma holders (24%), and both high school and postgraduate degrees (20%).

Academic Qualifications	Frequency	Percentage
High School	10	20%
Diploma	12	24%
Undergraduate Degree	18	36%
Postgraduate Degree	10	20%
Total	50	100%

Source: Primary data, 2024

4.1.3 Age Distribution

Most respondents were aged 18-24 years (44%), followed by 25-30 years (36%) and 31-35 years (20%), aligning with the study's focus on youth.

Age Group	Frequency	Percentage
18-24	22	44%
25-30	18	36%
31-35	10	20%
Total	50	100%

Source: Primary data, 2024

4.1.4 Digital Experience

Most respondents had 1-5 years of digital experience, indicating familiarity with digital technologies.

Year of Digital Experience	Frequency	Percentage
Less than 1 year	8	16%
1-3 years	15	30%
3-5 years	18	36%
More than 5 years	9	18%
Total	50	100%

Source: Primary data, 2024

Factors Influencing Fintech Adoption

The study analyzed three key factors: digital literacy, socio-economic status, and awareness. Digital literacy and awareness were rated high, while socio-economic factors were moderate, indicating that improving digital skills and awareness could enhance fintech adoption.

Table 4.5: Factors Influencing Fintech Adoption of youth

Items on Fintech Adoption	Mean	Interpretation
Digital Literacy	3.20	High
Socio-Economic Factors	2.70	Moderate
Awareness and Knowledge	3.10	High
Overall Mean	3.00	High

Source: Primary data, 2024

Relationship Between Variables

4.2.1 Digital Literacy and Fintech Adoption

Pearson’s correlation showed a significant positive relationship ($r = 0.472$, $p < 0.05$), suggesting higher digital literacy is associated with greater fintech adoption.

Variables Correlated	r-value
Digital Literacy vs. Fintech Adoption	0.472

Source: Primary data, 2024

4.2.2 Socio-Economic Factors and Fintech Adoption

There is a moderate positive relationship ($r = 0.312$, $p < 0.05$), indicating socio-economic status influences fintech adoption among youth.

Variables Correlated	r-value
Socio-Economic Factors vs Fintech Adoption	0.312

Source: Primary data, 2024

4.2.3 Awareness and Knowledge and Fintech Adoption

A significant positive correlation was found ($r = 0.529$, $p < 0.05$), showing that greater awareness is strongly associated with increased fintech adoption.

Variables Correlated	r-value
Awareness and Knowledge vs Fintech Adoption	0.529

Source: Primary data, 2024

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The study's findings, conclusions, recommendations, and identified research gaps are all presented and discussed in this chapter. Additionally, suggestions for future research are provided.

5.1 Discussion of Findings

According to the results, the adoption of fintech among young people is largely affected by factors such as digital literacy, socio-economic status, and awareness, with digital literacy and awareness being the most significant influencers and having a positive impact.

5.1.1 Relationship Between Digital Literacy and Fintech Adoption Among Youth

From here, the study evidences that there is a significant relationship between digital literacy and the adoption of fintech among the youth. The findings of the study as posited indicate that high levels of digital literacy have a strong association with increasing adoption of fin-tech services. This corroborates previous research studies by (Poushter, 2020), who postulated that digital literacy significantly enhances the ability to use and understand digital financial services in ways that promote greater adoption. On this note, it was indeed observed by Riggins and Dewan (2015) that the perception of fintech services being useful and easy to use increases significantly with greater perceived digital literacy among youth; this again considerably enhances their adoption. In this respect, improvement in the levels of digital literacy among youth can play a very important role in enhancing their usage of FinTech solutions.

5.1.2 Relationship Between Socio-Economic Factors and Fintech Adoption Among Youth

The findings from the study show that socioeconomic factors, represented by income level and employment status, have a moderate but significant influence on the adoption of fintech among the youth. This finding relates to the postulation by, who noted that the higher the socio-economic background that a youth comes from, the higher the likelihood that one will adopt Fintech, since such individuals have been better exposed to resources and financial products. Moreover, explained that the level of engagement in using fintech services normally elicits disparities emanating from socio-economic aspects, where the low-income classes have to bear more

difficulties. Such findings suggest that the targeted strategies addressing socio-economic challenges might better enhance broader diffusion among all sections of youth.

5.1.3 Relationship Between Awareness and Knowledge and Fintech Adoption Among Youth

The findings of the study provide evidence of a strong positive correlation between awareness and knowledge regarding fintech services and their adoption among the youth. This further contradicts the views of, who argued that awareness campaigns and financial education enhance the adoption of digital financial services enormously by increasing user confidence and familiarity. A study by Ozili 2020, on the other hand, also established that the propensity to use the service is positively related to the level of awareness of the benefits and safety measures available in Fintech solutions. Thus, awareness and education through drives and marketing becomes intrinsic to developing fintech adoption among the youth.

5.2 Conclusions

Objective One:

Indeed, the research showed how digital literacy has played a significant role in fintech adoption among the youths. In essence, it was recommended that digital competencies of the youths needed to be developed through training and programs such that they can apply the usage of such fintech services.

Objective Two:

The study concludes that socio-economic factors serve as a moderate influence on fintech adoption. It also comes up with the suggestion that efforts toward increasing financial inclusion need to take into consideration the socio-economic barriers of some youth segments. Improvement in accessibility and affordability of all socio-economic groups is greatly needed.

Objective Three:

The findings suggest that the younger generation's adoption of fintech is significantly influenced by their level of awareness and understanding. Therefore, implementing targeted publicity and financial education initiatives can play a pivotal role in stimulating greater use of fintech solutions.

5.3 Recommendations

Objective One:

Policymakers and other stakeholders should invest in digital literacy programs relevant to the youth, concerning practical skills in the use of digital financial platforms. The same can be effectively implemented through collaborations between fintech firms, educational institutions, and community organizations, which would help in improving the adoption rates of fintech.

Objective Two:

Addressing socio-economic barriers, for instance, calls for fintech providers to develop low-cost or freemium models which accommodate youth from a low-income background. Besides that, governments and financial institutions can collaborate on the provision of subsidies or incentives meant to make these fintech services accessible and more affordable.

Objective Three:

The regulators and the financial technology companies should, in turn, create targeted awareness campaigns that will help the youth appreciate the benefits accruing from the fintech services, the security features, and their potential uses. There is a need to develop programs on financial literacy into school curricula, alongside community-based programs to enhance knowledge and comprehension among young people.

5.4 Areas of Further Study

Considering the limitations and breadth of the present investigation, it is suggested that additional research be conducted on the subsequent topics.

- The impact of cultural factors on fintech adoption among youth.
- The regulatory framework and government policy play a vital role in enhancing fintech adoption.
- The influence of technological infrastructure on the availability and use of fintech services among the youth by region.

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APPENDIX

SCHOOL OF BUSINESS

19th Aug, 2024

TO WHOM IT MAY CONCERN

Name: **AYIKORU ELIZABETH SONIA**

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

ADOPTION OF FINANCIAL TECHNOLOGY AMONG YOUTH IN 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