Determinants of Fintech Adoption: A Qualitative Study on Small Food Businesses in Colombo and Suburbs

W M Lakshan, D G T Dananji, S D Maddumage, K D D S Sudusingha and Shanta R Yapa*

SLIIT Business School, Sri Lanka Institute of Information Technology
shanta.y@sliit.lk

Abstract *- Financial technologies popularly known as FinTech offer multiple benefits to business firms and their customers. However, its adoption by small food businesses in Colombo and its suburbs is very low compelling the customers to use physical currency for purchases. It also deprives small businesses of harnessing the benefits FinTech offers. This paper describes findings of a qualitative inquiry conducted as the first phase of a mixed method research being conducted to understand the determinants of FinTech adoption. A comprehensive literature review was done using 63 publications in journals found in reputed databases. We collected data from 15 small food business owners located in 3 different areas in Colombo and suburbs through detailed interviews. MAXQDA software was used in analyzing data. Some of the factors popularly used in technology adoption models, namely the effort expectancy, price value, perceived usefulness, and perceived ease of use were justified through the qualitative study conducted. In addition, we found inadequate knowledge transfer from FinTech vendors to small food businesses as a factor that can hinder adoption. This finding is aligned with sequential coherence, a relatively new factor tested in technology adoption by researchers.*

Keywords**:** FinTech, Small Food Businesses, Peer-to-Peer (P2P) Lending, impact, Sequential Coherence, Digital Payments, Mobile Banking, Technology Adoption, Sri Lanka

I. INTRODUCTION

Financial technologies (FinTech) such as digital payments, mobile banking, and peer-to-peer lending help small businesses in overcoming some of the pressing challenges they face (Li et al., 2023). Business firms are adopting digital payments due to the speed and convenience. By creating digital traces that lenders can rely on, these technologies improve record-keeping, transparency, and credit access. Small businesses are better equipped to handle their money and compete in the market if they have greater knowledge about these tools and financial services that meet their needs. Rapid growth in digital payments is also aided by national initiatives to create secure and easily accessible payment networks, which will allow more companies to access the formal financial system and gain easier access to funds and services.

Small food businesses while serving the community contribute to the economy as well. They generate significant communities and offer convenience to public, improve living standards of communities, and create employment across the country. However, these businesses are facing many challenges, including inability to secure bank loans, increasing cost of production, fluctuating demand patterns and improving efficiency. They don't have easy access to bank loans because they collateral or good credit history (Rehman et al., 2023). They also have high costs and need new machinery to be able to compete with big companies. Most of the owners are neither tech-savvy nor financially literate, making things worse. FinTech can solve these issues. Electronic payments simplify and accelerate transactions. Mobile banking enables them to manage their funds wherever and whenever they want (Hasan et al., 2021). Peer-to-peer (P2P) lending gives them an alternative way of borrowing money without banks. These tools help them save money, track income, and get access to funds more easily. Small food companies can

grow their business through FinTech, ensuring customer satisfaction and competitiveness in changing business environments.

Despite the benefits offered by FinTech, most Sri Lankan small food businesses do not use them. This may be due to lack of knowledge regarding financial management, or too little is known regarding the technologies, or they distrust the technologies. Although the COVID-19 pandemic promoted cashless payments, many business firms are yet to leverage FinTech (Moreira-Santos et al., 2022). This study seeks to find out what drives or deters small food business owners from embracing FinTech apps. It analyzes the most important determinants that shape their intention to use these technologies.

This study used the UTAUT2 model as a theoretical framework to explore the factors impacting fintech adoption in the small food business in Sri Lanka. It includes factors such as expected benefits of using FinTech, how easy it is to use, social norms from friends and family, assistance and facilities, expense, and how smoothly the technology fits into their business processes. The study is centered on FinTech services such as mobile payments, mobile banking, and peer-to-peer (P2P) lending (Najib et al., 2021). Additionally, it seeks to comprehend how these technologies can support the survival, expansion, and competitiveness of small food businesses.

Small food businesses in Sri Lanka face significant difficulties in accessing traditional bank credit due to financial limitations, lack of advanced technology, and insufficient knowledge. Most business owners are unable to use FinTech products like P2P lending, despite the fact that they provide alternative ways for these companies to obtain credit and expand (Abbasi et al., 2021). Non-adoption of FinTech by small food businesses deprive their customers of using card-based payments, digital wallets and electronic fund transfers compelling them to make only cash payments. Reasons for low or no adoption of FinTech by small food businesses is not yet fully explained through research and the influence of those factors such as a lack of knowledge, security worries, and resistance to change are not fully understood. Additionally, this study investigates the specific factors that influence small food businesses' adoption of FinTech and the extent to which they impact the long-term success of small food businesses.

With growing financial technologies, it is more important to understand how small food businesses adopt FinTech to enhance their business performance and remain competitive. Firstly, this study aims to explore the main drivers of FinTech adoption by Sri Lankan small food businesses. Specifically, it will discuss how factors such as performance expectancy (expectation that the use of FinTech will improve business outcomes), facilitating conditions (availability of resources and support), effort expectancy (perceived simplicity of use), social influence (pressure or social influence by others), price value (comfort in using FinTech), and sequential coherence (logical order and consistency of technology) affect the small food business entrepreneur to adopt FinTech solutions. Much of the existing research concerning financial technology in Sri Lanka has focused on universal businesses or online banking, excluding the specific issues and opportunities for small food enterprises (Mahmud et al., 2023). Our study will close this knowledge gap by highlighting the reasons behind low FinTech adoption among this specific segment despite massive investment in the online platform. We will be investigating significant barriers that have not been widely studied in the food industry, such as limited awareness, low digital literacy, and low trust in technology. Our research

will fill this knowledge gap by producing empirically supported knowledge about the factors that promote and hinder the adoption of FinTech in this crucial industry.

There will be significant theoretical and practical contributions from this study and as per our knowledge. To the best of the knowledge of the researchers, this study will be the first to explore FinTech adoption among small food businesses in Sri Lanka. In practice, the research findings will give policymakers, FinTech companies, and food business owners useful, fact-based recommendations. These include initiatives to increase financial technology trust, digital literacy, and stakeholder participation. Key outcomes will be reported through clear visual tools like adoption pathway graphs and summary tables to aid decision-making. Lastly, the research anticipates enabling the digital shift and sustainable growth of Sri Lanka's small food businesses to empower their economic Strength and shared growth. This paper highlights the findings of the first phase of mixed method research which is the qualitative inquiry conducted.

II. LITERATURE REVIEW

A comprehensive literature review was done using 63 journal articles found in reputed databases. Some of the key articles used in the qualitative phase of the research presented in this article are given in the reference list. This research attempts searching for stories, not just numbers. The researchers attempted to hear what small food business owners in Sri Lanka had to say about why they chose to use FinTech or not. Understanding extant literature is crucial for any qualitative research study. To ask the right questions and identify the most significant themes, this literature review draws on the findings of other researchers. We examined how concepts such as Sequential Coherence, Price Value, Social Influence, Effort Expectancy, Performance Expectancy, and Facilitating Conditions influence individuals to adopt technology as a person's experience (Amnas et al., 2023). These concepts served as a roadmap for us as we unearthed complex, individual stories that explain why some entrepreneurs use FinTech and others do not. This review helped us to understand the world from the viewpoint of the entrepreneurs themselves and provided context for our qualitative investigation.

A. Effort Expectancy

Effort Expectancy is simply one of the ways to justify whether or not new technology would be simple or hard for a person to utilize (Amnas et al., 2023). For a small business owner who is utilizing a new app for the first time ever, the experience can be very different from that of another individual. We can measure the extent to which they are excited or nervous by having them rate their level on a simple scale. We can also count how many times they become frustrated or stuck on a menu, which measures how difficult the app really is for them. This study will make important theoretical and practical contributions. The UTAUT2 model will be tested and applied in Sri Lanka's small food business sector for the first time theoretically in this study, which will advance our knowledge of the variables influencing FinTech adoption in this setting. The research findings will provide practical, fact-based recommendations to FinTech companies, policymakers, and food business owners. These include efforts to improve stakeholder participation, digital literacy, and trust in financial technology.

B. Performance Expectancy

The degree to which a person expects new technology to assist them in their work is known as their performance expectation. By examining a few factors related to a user's experience, we can quantify this. These might be how much the technology impacts their business operations on a day-to-day basis for a small business owner (Amnas et al., 2023). For example, a core variable can be how much a digital app helps them feel more organized or enables them to view their business in a more professional light. Another one is time gained; we can see whether the app makes things quicker or if it ends up creating new problems, like slower internet. We can even measure the perceived value of the app by looking at what someone tells us about its payoff, such as getting a small loan to buy more ingredients. Or we can also look at the negative side by looking at disappointments, such as money not appearing in a bank account for too long. By focusing on these self-evident variables, we can observe what the user truly cares most about saving time, making more money, or just simplifying their company.

C. Social Influence

Social Influence is the manner in which friends, family, and others in a community affect a business owner's choice to adopt new technology (Zarifis & Cheng, 2022).This can be measured several dimensions. Peer influence, such as other entrepreneurs or suppliers, is one such dimension. We can note whether a business owner feels obligated to catch up after seeing a competitor implement a new app. The second significant dimension is family support which shows how a household member, e.g., a child, aids in the installation and encourages usage of a digital tool. We can also measure the customers' role by seeing whether their demand for digital payments makes a business owner adjust. By focusing on such dimensions, the influence of peers, customers, and family we can examine why an innovation spreads through a population based on personal experience and word of mouth rather than official words.

D. Facilitating Conditions

The resources required to use new technology, such as a reliable internet connection and the appropriate gear, are referred to as facilitating conditions (Hassan et al., 2023). This can be measured by examining a few factors that indicate how these circumstances impact a user's experience. The dependability of their internet connection is a crucial factor; The frequency with which a user is unable to complete a transaction due to a slow or unavailable network is another indicator. Another factor is the quality of their hardware, including whether they have a functional smartphone and can swap it out when it breaks. We also assess support availability by finding out if users know who to contact if an app malfunction small business may need to rely on family members or neighbors for assistance, which illustrates how resourceful they must be. These factors allow us to see a person's real-world problem and what they require to use digital tools.

E. Price Value (PV)

The process of determining whether a technology's worth justifies its cost is known as price value. This is an important decision to small business owners who don't have a lot of money (Sharma et al., 2025). We can measure this by looking at some variables that show how they think about money. One of the key variables is how they feel about the transaction costs; we can see whether they believe the costs are a good price to pay for the convenience of electronic payments or not. We can also measure how they feel about other costs, the price of buying a new phone or the cost of mobile data. Another important

variable is the fear of unknown costs or hidden charges that will come as a surprise to them, which tells us something about their fear of risk. We can also see that they see the benefits of technology. That is, we can see whether they see a computer database of all their transactions as being worth it, or whether they think the time saved is worth the cost. By targeting these variables, we can gain insight into their individual financial attitude and what "value" to them means beyond numbers.

F. Sequential Coherence

Sequential coherence suggests that new technology is acquired through a cooperative effort between the business introducing it and the user learning how to use it (Yapa et al., 2019a). The idea is about how well the company can teach the user and then support them, not just how well the app looks. One can examine a few factors to determine this. For example, if the company provided clear training instructions or if the user could speak with a representative directly it could increase adoption. Sequential coherence can be measured through the push and the pull effects demonstrated through the willingness and ability of the teacher firm and the preparedness and ability of the participants from the student firm respectively (Yapa et al., 2019b). The researchers were in search of stories where business owners were frustrated that they had to figure things out themselves, or success stories where a company went the extra mile to help them. This is a topic regarding the technology provider-user relationship. Effective use of technology relies on a firm and supportive relationship, whereas a poor one can led to failure, no matter how good the app itself is.

G. Perceived Ease of Use

This refers to a person's belief that utilizing a new technology will be easy and effortless. It is related to Effort Expectancy (Krah et al., 2024). Stories that convey this emotion will be requested. We want them to say things like, "I didn't even need to read the instructions," or "I just looked at the app and knew what to do, it was so easy." This is known as perceived ease of use and it is a crucial component of many models of technology adoption, such as the TAM framework. To gain a better understanding of what makes technology feel "easy" or "difficult" to them, we will employ a qualitative approach. It's not just about how the app looks; it's also about how someone feels about technology in general and how confident they are in using same. This theme also enables us to comprehend how their prior technological experiences impact their attitudes toward attempting new things.

H. Perceptions

Perception plays an important role in this research. It is the main concept that encompasses all the other themes. It has to do with how the entrepreneurs view the world and the technology in which they live (Krah et al., 2024). Effort Expectancy inquires how hard they think about something. We inquire about their opinion of the usefulness of something when we ask about Performance Expectancy. To find out if they think FinTech is a secure way to manage money, we investigated how they perceive risk and trust. Additionally, we studied how they view value and benefits, finding out if they genuinely think that utilizing FinTech is worth the expense and work. Finally, examined how they view their own role: do they consider themselves to be "tech people" or do they prefer more conventional methods? We can get to the core of their decision-making process by concentrating on these individual sentiments and convictions.

This review of the literature shows understanding of the reasons behind Sri Lankan small food businesses' adoption of FinTech is far more intricate than merely examining a few basic statistics. By using ideas like Effort Expectancy, Performance Expectancy, Social Influence, Facilitating Conditions, Sequential Coherence, and Price Value **(**Gharaibeh et al., 2018**)**, we could examine the real-life stories that explain the decisions rather than just the numbers. The purpose of the subject research was to hear these stories that included the difficulties with slow internet, the discussions with loved ones, the worries about expenses, and the proud moments when a new tool comes in handy. We attempted to see the difficulties experienced by users and chances for digital expansion in this significant industry much more clearly. The study's findings will provide legislators, FinTech companies, and food business owners with useful, fact-based guidance.

III. METHODOLOGY

A. Research Design

This study is probably one of the early mixed-methods studies on the FinTech adoption of small Sri Lankan food firms. It follows an exploratory sequential design of research, where the qualitative phase of the study has been carried out initially and reported in this paper. It helps the researchers to obtain a detailed understanding of the way food business firms' owners think about FinTech.

In this phase, in-depth interviews revealed that many small food business owners find it difficult to clearly absorb the information and guidance propagated by banking firms. At the same time, we found that banks often do not present financial and technological procedures clearly in a manner anyone can understand. The lack of synchronization breeds confusion and discourages owners from accepting FinTech services. These observations reflect the law of sequential coherence, which asserts that adoption depends on information being made available clearly, regularly, and systematically. If communication is halting or very complex, the adoption rate drops since business leaders find it hard to connect one phase of the procedure to the next one.

Our qualitative research, therefore, not only identified significant barriers, but also justified sequential coherence as a relevant perspective for determining the reason the level of FinTech adoption remained low within the sector. With the analysis based on the actual perceptions of the proprietors of the food firms, the study presents illuminating evidence that suggests adoption depends on clear guidance and active facilitation by financial institutions.

B. Data Collection Methods

The qualitative method forms the basis of the research. Semi-structured face-to-face in-depth interviews were carried out with 15 small food business owners in Colombo. Purposive sampling is the method used so that the interviewers will be directly applicable to the research purpose since they will be actively involved in the operation of small food businesses and have hands-on experience of financial services.

Surveys are carried out at three predetermined sites of the Colombo District: Thalawathugoda, Piliyandala, and Aluthkade (Colombo 12). These have been chosen to reflect a range of business situations varying between emerging suburban settings and highly concentrated historically oriented commercial areas with established practices. The range allows the investigation to cover the wide range of views on FinTech adoption.

The semi-structured design provides some flexibility, where researchers can also seek follow-up questions, probe emerging issues further, and obtain information that may be missed by structured questionnaires. This design works particularly well to clarify the personal views, issues, and motivations that drive the choices of the owners of the food business regarding FinTech. To ensure accuracy and reliability, all the interviews are audio recorded with the active consent of the participants and then transcribed for systematic thematic analysis by MAXQDA.

The qualitative phase gives elaborate, case-based evidence of the perceptions, experiences, and response of small food start-ups to FinTech. It illuminates the communication breakdown between banks and business start-ups, the misinformation surrounding the financial process, and the necessity of elaborate, step-by step explanation, therefore justifying the role of the concept of sequential coherence to explain low levels of adoption.

C. Data Analysis Techniques

All interviews conducted with the owners of small food businesses were recorded with permission and archived with proper labelling for traceability and future use. These were translated to English for purposes of clarity and consistency for use when analyzing. The data was later analyzed using MAXQDA software through which the researchers could systematically manage, code, and identify prominent themes. This procedure allowed the determination of the major challenges and impediments to the use of FinTech as well as the attainment of real experience and voices of entrepreneurs in a structured and reliable way.

Table 1. Thematic Analysis Summary

Theme	Key Insights
Business Setup and Operational Challenges	Street-based vendors face instability as they are frequently asked to relocate, resulting in lack of continuity.
Financial Constraints	Vendors earn low daily income (around LKR 5,000), rely on personal loans, and struggle to access formal bank loans.
Barriers to Digital Payments	Preference for cash due to lack of equipment, customer demand, fear of mistakes, and perception of simplicity.
Lack of Business Registration	Unregistered businesses are excluded from formal banking and digital payment systems.
Religious Reasons	Some Muslim vendors avoid financial technologies involving interest to align with religious beliefs.
Limited Knowledge and Technological Skills	Vendors lack awareness and skills to use FinTech apps, finding them confusing and risky.
Family Habits and Traditions	Business practices are inherited from parents, reinforcing reliance on cash-only transactions.

Source: Authors work using MAXQDA

Table 2. Graphical Thematic Analysis

First-Order Codes	Second-Order Themes	Overarching Dimensions
Street-based, unstable location Asked to relocate by authorities No continuity	Operational Instability	Business Setup Challenges
Low daily income (~LKR 5,000) Empty bank balance Rely on personal loans	Financial Struggles	Resource Constraints
No smartphone or equipment Customer demand absent Prefer cash simplicity Fear of mistakes in apps	Resistance to Digital Payments	Technology Adoption Barriers
No BR certificate Banks refuse card machines	Lack of Formalization	Regulatory Barriers
Avoid interest-based FinTech Cash only to follow religion	Religious Restrictions	Cultural/Religious Barriers
Do not know how to use FinTech Apps are confusing and risky	Low Digital Literacy	Knowledge Gaps
Parents ran business with cash Continue traditional methods	Inherited Cash Practices	Cultural Continuity

Source: Authors work using MAXQDA

IV. CONCLUSION

The main objective of this study was to identify the determinants of the adoption of FinTech by Sri Lankan small food businesses through a qualitative inquiry. With the findings of this inquiry, the researchers expect to do a quantitative study using a larger sample to make the study sequential exploratory mixed-method research. which will provide rich, first-hand information on the true experiences of owners of small food businesses. We employed semi-structured interviews to test how users perceive FinTech as being easy to use, useful, inexpensive, and reliable, and why so many are still hesitant to embrace them.

Although the general factors mentioned in the literature review such as perceived ease of use, perceived usefulness, and cost or risk perceptions have been tested in previous research, Sequential Coherence has not been tested in FinTech adoption research yet. Our qualitative research offers strong evidence and reasoning to justify the use of Sequential

Coherence as an explanatory factor. This perspective illustrates that adoption is a matter of whether entrepreneurs are provided with clear, consistent, and step-by-step information by financial institutions. Whenever this sequence is broken, when banks provide confusing or fragmented information entrepreneurs become discouraged, and adoption stops.

The sequential exploratory method was especially appropriate in this case, as it allowed us to begin with open-ended interviews to uncover theme-based-in-reality results, and then place these themes as central in subsequent research. This ensured that our results are not based on assumptions, but instead on the true voices and lived circumstances of small food business owners.

This study provides an important contribution to multiple groups. For entrepreneurs, it highlights the benefits and drawbacks of FinTech adoption. For FinTech firms, it stresses the importance of simplifying products and making communication clearer. For policymakers, it highlights building trust, improving digital literacy, and having banks' and institutions' communication sequential and clear. Findings of the research will improve FinTech adoption by small food businesses which will enable their customers to use card payments, digital wallets and online transfers thereby reducing the necessity to use physical currency. Lastly, this study not only enhances our understanding of FinTech adoption among small food businesses but also presents Sequential Coherence as a new factor that can explain why adoption is low and implications for more effective digital transformation initiatives for Sri Lanka.

REFERENCES

Abbasi, K., Alam, A., Brohi, N. A., Brohi, I. A., & Nasim, S. (2021). P2P lending Fintechs and SMEs' access to finance. *Economics Letters*, *204*. https://doi.org/https://doi.org/10.1177/09721509211027402

Amnas, M. B., Selvam, M., Raja, M., Santhoshkumar, S., & Parayitam, S. (2023). Understanding the Determinants of FinTech Adoption: Integrating UTAUT2 with Trust Theoretic Model. *Journal of Risk and Financial Management*, *16*(12). https://doi.org/10.3390/jrfm16120505

Gharaibeh, M. K., Arshad, M. R., & Gharaibeh, N. K. (2018). Using the UTAUT2 Model to Determine Factors Affecting Adoption of Mobile Banking Services: A Qualitative Approach. *International Journal of Interactive Mobile Technologies (iJIM)*, *12*(4). https://doi.org/10.3991/ijim.v12i4.8525

Hasan, R., Ashfaq, M., & Shao, L. (2021). Evaluating Drivers of Fintech Adoption in the Netherlands. *Global Business Review*, *25*(6), 1576-1589. https://doi.org/10.1177/09721509211027402

Hassan, M. S., Islam, M. A., Yusof, M. F. b., Nasir, H., & Huda, N. (2023). Investigating the Determinants of Islamic Mobile FinTech Service Acceptance: A Modified UTAUT2 Approach. *Risks*, *11*(2). https://doi.org/10.3390/risks11020040

Krah, R., Tetteh, L. A., Boateng, A., & Amankwa, R. F. (2024). Financial technology adoption among small and medium enterprises in Ghana. *Cogent Business & Management*, *11*(1). https://doi.org/10.1080/23311975.2024.2321786

Li, H., Lu, Z., & Yin, Q. (2023). The Development of Fintech and SME Innovation: Empirical Evidence from China. *Sustainability*, *15*(3). https://doi.org/10.3390/su15032541

Mahmud, K., Joarder, M. M. A., & Sakib, K. (2023). Customer Fintech Readiness (CFR): Assessing customer readiness for fintech in Bangladesh. *Journal of Open*

Innovation: Technology, Market, and Complexity, *9*(2). https://doi.org/10.1016/j.joitmc.2023.100032

Moreira-Santos, D., Au-Yong-Oliveira, M., & Palma-Moreira, A. (2022). Fintech Services and the Drivers of Their Implementation in Small and Medium Enterprises. *Information*, *13*(9). https://doi.org/10.3390/info13090409

Najib, M., Ermawati, W. J., Fahma, F., Endri, E., & Suhartanto, D. (2021). FinTech in the Small Food Business and Its Relation with Open Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, *7*(1). https://doi.org/10.3390/joitmc7010088

Rehman, S. U., Al-Shaikh, M., Washington, P. B., Lee, E., Song, Z., Abu-AlSondos, I. A., Shehadeh, M., & Allahham, M. (2023). FinTech Adoption in SMEs and Bank Credit Supplies: A Study on Manufacturing SMEs. *Economies*, *11*(8). https://doi.org/10.3390/economies11080213

Sharma, A., Mohan, A., Johri, A., & Asif, M. (2025). Determinants of financial technology (FinTech) adoption by the farmers in agrarian economy. *Social Sciences & Humanities Open*, *11*. https://doi.org/10.1016/j.ssaho.2025.101370

Yapa, S. R., Senathiraja, R., Poesche, J., & Kauranen, I. (2019a). Why adoption of some Technologies is faster? An Explanation through Sequential Coherence. *Sri Lanka Journal of Management Studies*, *1*(2), 58-74. https://doi.org/10.4038/sljms.v1i2.49

Yapa S.R., Senathiraja R., Poesche J. and Kauranen I (2019b). The role of Sequential Coherence in Open Innovation: A qualitative inquiry. International Conference on Business Research University of Moratuwa, Moratuwa, Sri Lanka. http://dl.lib.mrt.ac.lk/handle/123/14754

Zarifis, A., & Cheng, X. (2022). A model of trust in Fintech and trust in Insurtech: How Artificial Intelligence and the context influence it. *Journal of Behavioral and Experimental Finance*, *36*. https://doi.org/10.1016/j.jbef.2022.100739