Factors Impacting Fintech Adoption in the Small Food Businesses in Sri Lanka

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Abstract

This study aims to identify the major factors affecting the adoption of FinTech among small food businesses in Sri Lanka, with special emphasis on the role of technological, social, and environmental factors in the adoption process and sustainability of the business. In this study, quantitative research methodology was used, and a structured questionnaire was used to collect data from small food business owners in the Colombo District. A sample of 297 was used for this study, and simple random sampling was used to select the sample. This study used several constructs from the UTAUT2 model, including performance expectancy, effort expectancy, social influence, facilitating conditions, price value, sequential coherence, and location instability. Structural Equation Modeling (PLS-SEM) was used to analyze the data for this study. The results indicate that performance expectancy, effort expectancy, and social influence have a significant positive effect on FinTech adoption, with social influence being the strongest predictor. On the other hand, facilitating conditions have a negative but insignificant effect, while price value, sequential coherence, and location instability have insignificant effects. This implies that perceived usefulness, effort expectancy, and social influence are key determinants of FinTech adoption, while structural and contextual factors are less important. The study is only focused on small food businesses in the Colombo District. This may limit the scope of the study in terms of applying the same in other industries and areas. Future studies can be conducted with more industries and over a period. The findings offer valuable insights for policymakers, financial institutions, and FinTech service providers to develop strategies that can further encourage adoption among SMEs. For instance, user-friendly technologies, awareness, and social influence mechanisms can be used to improve adoption rates. The contribution of this research to the existing literature is that it extends the UTAUT2 model in relation to Sri Lankan SMEs and proposes new variables like sequential coherence and location instability. It also offers empirical evidence from an under-researched sector that helps in understanding FinTech adoption in developing economies.

Keywords: digital payments; FinTech, mobile banking; Peer-to-Peer (P2P) lending; small food businesses; sequential coherence; Sri Lanka; Small and Medium Enterprises (SMEs); structural equation modeling; UTAUT2 model

1. Introduction

Small food businesses and other small and medium enterprises (SMEs) are very important for Sri Lankas economy. They help create jobs, make income and develop communities. These businesses have problems. They can't easily get financial help. They also don't manage money

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well. Have problems with how they work. FinTech or Financial Technology is helping to solve these problems. This includes things like payments, mobile banking and lending, from person to person (P2P) (Quintiliani, 2025). FinTech makes it easier for medium enterprises (SMEs) to get financial help. It also helps them work better and last longer. Small and medium enterprises (SMEs) and small food businesses can now do better because of FinTech. In the few years people have started to use FinTech more all over the world When it comes to small food businesses in Sri Lanka not many of them are using FinTech. Even though digital payment systems and mobile financial services are getting easier to access, a lot of business owners still like to use cash to make transactions (Weerakoon and Anuradha, 2024). This is a problem because it creates a difference between the number of financial technologies that are available and the number of people who are using them in small businesses. So, it is important to understand why small food businesses in Sri Lanka are not using FinTech much as they could be. This will help more people have access to financial services and it will also help small and medium-sized businesses stay strong.

The use of FinTech is very important for food businesses in Sri Lanka and, for the whole country. In years the use of FinTech has increased globally. However, in Sri Lanka many small food businesses do not use FinTech. Even though digital payment systems and mobile financial services are becoming more accessible many business owners still prefer to use cash for transactions. This is an issue because there is a gap between the number of technologies available and the number of people using them in small businesses (Rehman et al., 2023). It is crucial to understand why small food businesses in Sri Lanka are not utilizing FinTech much as they could. This will help more people access services and enable small and medium-sized businesses to remain strong. The use of FinTech is vital for food businesses in Sri Lanka and for the country. FinTech can help small food businesses in Sri Lanka to grow and stay competitive. They can also benefit from the financial services that FinTech offers.

Therefore, FinTech is essential for the growth and development of food businesses in Sri Lanka. The government and other stakeholders should encourage the use of FinTech among food businesses in Sri Lanka. This can be done by creating awareness about the benefits of FinTech and providing support for its adoption (Quintiliani, 2025). By doing FinTech can play a significant role in the development of small food businesses in Sri Lanka. FinTech is the future of services, and its use is critical for the growth of small food businesses, in Sri Lanka. This study looks at numbers. Use a survey to get information from people who own small food businesses in the Colombo District. The study uses math techniques like Structural Equation Modeling to see if the ideas it proposes are true and to check if the research model is good. This way the study can really look at the facts. Figure out what makes small food business owners in the Colombo District use FinTech. The study can also give answers that're true for the whole area, not just a few people. The main goal is to understand FinTech adoption and what affects it. In this study, the context-specific data for the chosen UTAUT2 relationship within small food business enterprises in Colombo District, Sri Lanka have been analyzed. "Sequential coherence and geographic instability are considered as exploratory contextual variables.". Although most of the existing research has concentrated on general SMEs, this research will particularly highlight sectoral factors and will also add some more contextual factors like sequential coherence and location instability. Moreover, this research will provide

implications for policymakers and FinTech service providers that can be helpful in promoting FinTech adoption and enhancing the process of digital transformation for small business.

2. Literature Review

Financial Technology (FinTech), therefore, is the new kind in town in the modern financial sector. It is the new revolutionary power in the modern financial system(Thottoli et al., 2024). It is the integration of advanced technologies in the financial sector with the aim of improving the efficiency of the system. FinTech has received significant attention in the financial sector in recent times due to the ability of the innovations in the sector to offer more convenient financial services compared to the traditional banking system (Li et al., 2023). The innovations in the FinTech sector include digital payment systems, mobile banking services, among other innovations in the sector.

The emergence and recognition of the importance of FinTech in the financial system have been clearly demonstrated in the context of small and medium-sized enterprises (SMEs), particularly in the context of emerging economies. SMEs in emerging economies have been characterized by structural challenges such as poor access to financial services and high transactional costs (Krah et al., 2024). However, the emergence and application of FinTech technologies have been able to address the challenges in the financial system by providing simplified and accessible financial technologies to the populace.

Despite the advantages of FinTech adoption in SMEs, the adoption of FinTech has been noted to be varied and dependent on several factors. According to the theoretical model proposed by the Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) (Hassan et al., 2023), the model offers a robust platform for understanding the user in the context of technology adoption. According to the model, performance expectancy has been noted to be an essential factor in the adoption of FinTech in SMEs. This is because the business would be more willing to adopt FinTech if it sees the benefits of the technology. Similarly, the role of effort expectancy cannot be ignored in the adoption of FinTech in SMEs. The ease of use of the technology has been noted to be an essential factor in the willingness of the small business owner to adopt the technology in the daily operations of the business.

Moreover, the role of social influence has been noted to be essential in the adoption of FinTech in SMEs. According to the model, the decision of the small business owner in the adoption of FinTech would be dependent on the business network. Similarly, the role of facilitating conditions has been noted to be essential in the adoption of FinTech in SMEs. The conditions would determine the capacity of the business to adopt technology. Additionally, the role of price value has been noted to be essential in the adoption of FinTech in SMEs (Gharaibeh et al., 2018). Businesses would be more willing to adopt the technology if the benefits of the technology outweigh the cost. Moreover, the role of contextual factors such as business instability has been noted to be essential in the adoption of FinTech in SMEs. For example, the business would be less willing to invest in the technology if the business has an unstable location.

While tremendous opportunities exist to enhance business performance and achieve the goal of financial inclusion with the help of FinTech, these challenges point to the complexity

of FinTech adoption in practical contexts. Hence, it is important to understand the moderating role of all three factors to explain the behavior of adopting FinTech among SMEs (Bhat et al., 2024). This research is an extension of the theoretical foundations by adopting an extended UTAUT2 model to understand how these factors collectively contribute to the adoption of FinTech by small food businesses.

The adoption of FinTech by small businesses can be explained using the extended version of the UTAUT2 (Gharaibeh et al., 2018), which focuses on the significant behavioral and contextual factors that influence the adoption of technology. The study is based on the extended version of the UTAUT2 model in explaining the impact of different technological, social, and economic factors on the adoption of FinTech by small food businesses.

Performance Expectancy is the extent to which an individual believes that the adoption of specific technology will enhance the performance of certain activities or tasks. The study used the term performance expectancy in the context of FinTech adoption by small businesses. It is the extent to which business owners believe that the adoption of FinTech will enhance the performance of their businesses (Najib et al., 2021). Small business owners will be more inclined towards the adoption of FinTech if they believe that the adoption of FinTech will enhance the performance of their businesses. Therefore, the more the business owners believe in the adoption of FinTech, the more likely they will be to adopt FinTech.

H_1: Performance Expectancy will have a positive impact on the adoption of FinTech by small food businesses.

Effort Expectancy is the degree of ease associated with the adoption of specific technology. The study used the term effort expectancy in the context of FinTech adoption by small businesses. The study found that small business owners will be more inclined towards the adoption of FinTech if the technology is easy to adopt (Najib et al., 2021). The study found that the adoption of FinTech is more likely to happen if business owners believe that the adoption of FinTech is easy.

H_2: Effort expectancy has a positive influence on FinTech adoption for small food businesses.

Social influence is defined as the degree to which people feel important others believe they should use a particular technology. In small business organizations, business decisions are affected by influences from peers and customers. Feedback and suggestions received from other people can play a significant role in influencing small food business owners to adopt FinTech services (Novianti et al., 2025). This is due to the significant influence received from social networks. In small food businesses, social networks play a significant role in influencing business decisions. Therefore, social influence can have a positive impact on FinTech adoption for small food businesses.

H_3: Social influence has a positive influence on FinTech adoption for small food businesses.

Facilitating conditions are defined as the availability of resources required for technology adoption. This involves assessing whether there are sufficient technological and financial support for technology adoption. In small food business organizations, facilitating conditions can play a significant role in influencing FinTech adoption (Najib et al., 2021). However, there

are instances where small food businesses may exist despite the availability of sufficient facilitating conditions. This indicates that facilitating conditions may not have a significant impact on FinTech adoption for small food businesses

H4: Facilitating conditions have a significant influence on FinTech adoption for small food businesses.

Price value captures the trade-off between the benefits derived from the use of technology and the cost involved. Business owners in small businesses tend to be highly sensitive to cost factors because they operate with limited financial resources(Sharma et al., 2023). Therefore, despite the benefits of FinTech technologies, the cost involved in the use of these technologies may prove to be a hindrance.

H5: Price value has a significant effect on FinTech adoption for small food businesses.

The meaning of sequential coherence is that it deals with the clarity and consistency of the steps needed in learning and utilizing financial technology. The adoption of technology might have an impact on business processes. Therefore, there is some effect of sequential coherence on FinTech adoption for small food businesses.

H6: Sequential coherence has a significant effect on FinTech adoption for small food businesses.

Location instability refers to the challenges faced by small food businesses in changing locations frequently due to regulatory and environmental issues(W M Lakshan). For small food businesses, location instability might have a significant effect on FinTech adoption, as they might not focus on technology adoption in favor of flexibility.

H7: Location instability has a significant effect on FinTech adoption for small food businesses.

3. Methodology

This study employed a quantitative research approach in exploring the factors affecting the adoption of FinTech in small food businesses in the Colombo District of Sri Lanka. The quantitative research approach was deemed appropriate because it would allow the exploration of the relationships between the variables using statistical methods and would provide an objective interpretation of the results. The quantitative approach was informed by the Unified Theory of Acceptance and Use of Technology 2 model (Amnas et al., 2023), which was extended to include performance expectancy, effort expectancy, social influence, facilitating conditions, and price value. Two contextual conditions were added to the model: sequential coherence and location instability. These two conditions were considered necessary in exploring the specific conditions of small food businesses. A cross-sectional survey design was employed in this study. Data was collected at one point in time.

The data was collected using a structured questionnaire. The structured questionnaire was developed based on the validated measures used in the prior literature and the UTAUT2 model. A total of 40 questions were used to measure eight constructs. These constructions were FinTech adoption, performance expectancy, effort expectancy, social influence, facilitating

conditions, price value, sequential coherence, and location instability. These questions were measured using a five-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The questions were developed to ensure the questions were clear and easy to answer for the business owners and managers.

The target population for this study includes small food businesses within the Colombo district. These food businesses are both registered and non-registered and are engaged in food processing and distribution. According to estimates, there are 1,295 small food businesses within the Colombo district. This study focuses on food business owners and managers as they are the primary decision-makers for adopting FinTech services. Simple random sampling was used as a method for selecting samples for this research. This method provided all food businesses within the Colombo district with an equal opportunity to be selected for the sample. This method reduced bias and increased the sample's representativeness. According to a 95% confidence level and a 5% margin of error, the sample size for this research is determined to be 297. Primary data was collected for this research through both online and offline methods. Google forms were used for online data collection. Offline data was collected through hard copies of questionnaires administered directly to food business owners and managers.

The collected data was then analyzed using Structural Equation Modeling (PLS-SEM), with the help of SmartPLS software. The analysis was carried out in two steps. First, the measurement model was examined to determine the reliability and validity of the data using parameters such as Cronbach's Alpha, Composite Reliability, and AVE. Second, the structural model was analyzed to determine the relationship between the independent variables and FinTech adoption. Apart from PLS-SEM analysis, the data was also examined using Descriptive Statistical Analysis to determine the demographic profile of the respondents and get an overall understanding of the collected data.

4. Results

The following section is a presentation of the demographic analysis of the sample population under study. The analysis of demographics is significant in the analysis of collected data, as it gives a clear understanding of the sample population under study. The analysis is based on various demographic factors, such as gender, level of education, and fintech experience. These factors are significant because they can influence individuals' perceptions of financial technology services. The analysis is based on a total sample size of 297 respondents, as shown in Table 1 Demographic Characteristics below.

The demographic profile of the respondents forms the critical base on which the outcomes of this study can be comprehended. It is evident from the analysis that the respondents are primarily male participants, as they form the major portion of the total respondents at 73.40%, whereas the female participants are relatively few at 26.59%. This disparity in the proportion of the participants by gender suggests that the outcomes of the study could be heavily biased towards the male gender with regards to the usage of fintech and its behavioral tendencies. Therefore, the gender factor could be highly significant with regards to the outcomes of this study, and the low proportion of female participants could be considered as one of the limitations of the study.

Table1: Demographic Characteristics of Respondents

Measure	Item	Count	Column N %
Gender	Male	218	73.40%
	Female	79	26.59%
Current Highest Education Level	G.C.E. O/L or equivalent	130	43.77%
	G.C.E. A/L or equivalent	120	40.40%
	Vocational Training	25	8.42%
	Diploma or Certificate	16	5.39%
	Bachelor's Degree	5	1.68%
	Postgraduate Degree	1	0.34%
Fintech Usage Experience	Yes	99	33.33%
	No	198	66.66%

In relation to educational attainment, the findings indicate that most of the respondents have attained secondary-level qualifications, with a considerable number of them having passed the G.C.E. O/L and G.C.E. A/L, or their equivalents, at the secondary level of education. On the other hand, a small percentage of the participants have attained qualifications at the higher education level, including diplomas, bachelor's degrees, and postgraduate qualifications. The findings, therefore, suggest that most of the population is characterized by moderate educational attainment, with the implication that education is often correlated with cognitive, financial, and technological literacy, which could have significant implications in the analysis of the population's engagement with fintech services. In terms of the experience of using fintech, the results reveal that a vast majority (66.66%) of respondents have not used fintech services in the past, while only a third (33.33%) claim to have such experience. This indicates that the rate of adopting fintech services in the sample population is low. This low rate of adopting fintech services could be attributed to various factors, such as low awareness, risk, or lack of trust in these services, or the possible presence of traditional financial systems in the respondents.

All in all, the demographic attributes of the sample suggest that the target population is predominantly male, moderately educated, and inexperienced with the usage of fintech products and services. All these factors are likely to have a significant impact on the findings of the study, especially with regards to the attitude and perception of the participants towards the adoption of fintech products and services. Therefore, these factors are likely to have an impact on the internal validity as well as the generalizability of the findings.

4.1 Measurement Model

The assessment of the measurement model is performed to ensure the reliability and validity of the constructions used in this study. Using SmartPLS, this assessment is performed by considering essential parameters such as outer loadings, composite reliability, Cronbach's alpha, and AVE values to ensure the suitability of the measurement model(Hair Jr, 2020). The total sample size under consideration is 297, which is sufficient to perform Partial Least Squares Structural Equation Modeling (PLS-SEM).

Outer loadings are used to assess indicator reliability, while Cronbach's alpha and composite reliability measure the internal consistency of each construct. In addition, the AVE is used to evaluate convergent validity by examining the extent to which construction explains

the variance of its indicators. These criteria are essential to confirm that the latent variables are accurately measured by their respective indicators. The results of the measurement model assessment are summarized in Table 2.

Table 2: Measurement Model Assessment Results

Latent Variable	Indicators	Item Code	Outer Loadings	Composite Reliability	Cronbach's Alpha	AVE
Fintech Adoption	Current usage	FA1	0.913			
	Future intention	FA2	0.915			
	Preference over cash	FA3	0.932			
	Satisfaction	FA4	0.877	0.932	0.930	0.827
Performance Expectancy	Improve business performance	PE1	0.905			
	Faster transactions	PE2	0.939			
	Better financial control	PE3	0.924			
	Business Expansion Support	PE4	0.912	0.942	0.940	0.847
Effort Expectancy	Easy to Learn and Easy to Use	EE1	0.934			
	Error Recovery Simplicity	EE2	0.946			
	Login and Access Convenience	EE3	0.924			
	Integration with Daily Work	EE4	0.936	0.954	0.952	0.874
Social Influence	Influence of other business owners	SI1	0.917			
	Supplier / Trade Network Influence	SI2	0.951			
	Customer Payment Expectations	SI3	0.947			
	Financial Institution Promotion	SI4	0.936	0.955	0.954	0.880
Facilitating Conditions	After-Sales / Ongoing Support	FC2	0.960			
	Transaction Security Support	FC3	0.956	0.912	0.911	0.918
Price Value	Affordability Relative to Business Capacity	PV1	0.920			
	Cost Transparency & Predictability	PV2	0.934			
	Service Benefit Justification	PV3	0.914			
	Efficiency & Time-Saving Value	PV4	0.813	0.936	0.935	0.838
Sequential Coherence	Step-by-step guidance	SC1	0.650			
	Availability of User Manuals & Written Guides	SC2	0.662			
	Availability of Video or Visual Learning Resources	SC3	0.865			
	Supportive & User-Friendly Service Providers	SC4	0.903			
	Progressive Learning Without Confusion	SC5	0.913	0.587	0.909	0.651
Location Instability	Frequency of location change	LI1	0.926			
	Authority pressure	LI2	0.984			
	Ownership	LI5	0.582	1.315	0.853	0.721

The measurement model was also evaluated to check the reliability and validity of the constructions used in this study. This evaluation of the measurement model is done using the

tool SmartPLS in terms of indicator reliability, internal consistency reliability, and convergent validity.

The reliability of the indicators was checked through the examination of the outer loadings of the constructs. From the findings, it is evident that most of the indicators scored higher than the recommended 0.70 threshold, indicating high reliability in terms of item reliability. More specifically, the indicators for Effort Expectancy, Social Influence, and Facilitating Conditions recorded high loadings, ranging from 0.90 to 0.96, while the indicators for Fintech Adoption also recorded high loadings, exceeding 0.87. However, the indicator for Location Instability scored 0.582, which was slightly lower than the recommended threshold, but it was kept in the model as it did not affect the quality of the model, as recommended in exploration research. Overall, it is evident that the indicators are reliable in terms of representing the relevant latent constructions.

For the assessment of internal consistency reliability, the values of Cronbach's Alpha and Composite Reliability were used. The findings indicate that all the constructions were above the threshold of 0.70, with values of Cronbach's Alpha ranging from 0.853 to 0.954, while the values of Composite Reliability ranged from 0.912 to 0.955.

The high values of the constructions indicate that the constructions have a high level of internal consistency, which implies that the constructions are measured consistently across all the items. Convergent validity was tested using Average Variance Extracted (AVE), with values greater than 0.50 being acceptable. The findings showed that all constructions were able to achieve values greater than 0.50, with values ranging from 0.651 to 0.918. These findings are sufficient to prove that each construct can achieve more than half of the variance of each indicator, thereby confirming that each construct has achieved convergent validity.

The findings on the reliability and validity of the measurement model are satisfactory since all constructions were able to achieve the required criteria for indicator reliability, internal consistency reliability, and convergent validity. These findings are sufficient to prove that the measurement model is statistically reliable, thereby justifying the evaluation of the structural model.

4.2 Structural Model Assessment

The structural model is assessed to evaluate the hypothesized relationship among the constructions of the study. This is done using SmartPLS and helps in evaluating the strength and significance of the relationship between independent variables and FinTech adoption.

In addition, it assesses various parameters such as path coefficient, t-value, p-value, and coefficient of determination (R^2) to assess the predictive power of the model(Hair Jr, 2020). This helps the study in testing hypotheses and determining the extent to which various factors such as performance expectancy, effort expectancy, social influence, facilitating conditions, price value, sequential coherence, and Location instability influence FinTech adoption among small food businesses in Sri Lanka. The results of testing the hypotheses using a structural model are presented in Table 3.

Table 3*:* Summary of Hypotheses Testing

Hypothesis	Path	Path Coefficient	Standard Deviation	*t*-value	*p*-value	Decision
H_1	Performance Expectancy & FinTech adoption	0.256	0.071	3.600	0.000	Supported
H_2	Effort Expectancy & FinTech adoption	0.206	0.102	2.023	0.043	Supported
H_3	Social Influence & FinTech adoption	0.467	0.093	5.016	0.000	Supported
H_4	Facilitating Conditions & FinTech adoption	-0.074	0.082	0.909	0.363	Not supported
H_5	Sequential Coherence & FinTech adoption	0.030	0.068	0.442	0.658	Not supported
H_6	Price Value & FinTech adoption	0.015	0.158	0.093	0.926	Not supported
H_7	Instability & FinTech adoption	0.020	0.061	0.324	0.746	Not supported

Effort Expectancy has a positive and statistically significant effect on the adoption of FinTech ($\beta = 0.206$, $p < 0.05$). This implies that FinTech is more likely to be adopted by users if it is seen as being easy to use and understand. This is a significant finding since it implies that complexity can be directly addressed to increase adoption. While the effect size is modest, it does reinforce the importance of ease of use in the overall scheme of things.

The results indicate a negative and insignificant relationship between Facilitating Conditions and FinTech adoption ($\beta = -0.074$, $p > 0.05$). It implies that access to technical resources, after-sales services, system maintenance, and transactional security does not necessarily promote FinTech adoption.

For instance, some food vendors, particularly small ones, might not be technically competent and aware of how to utilize such facilities. Moreover, perceptions of transactional insecurity and uncertainty of after-sales services might cause mistrust in the system. Additionally, delayed services and poor quality of after-sales services might act as barriers to FinTech adoption, as opposed to facilitating it. This negative relationship implies that the level of trust in the effectiveness and security of facilitating conditions is more important than their availability in promoting FinTech adoption.

Location Instability has a positive but statistically insignificant association with FinTech adoption ($\beta = 0.020$, $p > 0.05$). This implies that vendors experiencing frequent relocations, regulatory pressures, or limited access to customers can benefit from the flexibility that FinTech adoption offers. During unstable conditions, FinTech provides vendors with the option to process transactions, keep records, and run businesses without a physical location. This ease of use associated with FinTech adoption can be considered a major advantage in unstable conditions. The positive association implies that instability in a vendor's location can increase the need to use accessible financial technologies, thus positively influencing adoption.

Performance Expectancy shows a highly positive and highly significant effect ($\beta = 0.256$, $p < 0.001$), reinforcing its significance as a major factor in FinTech adoption. This is because users of FinTech services will want to adopt these services if they believe they derive some benefits from using these services, such as increased productivity and faster transaction

times. The effect size of this factor indicates how central perceived usefulness is in determining users' behavior.

Price Value and Sequential Coherence have shown positive but statistically insignificant correlations with FinTech adoption ($\beta = 0.015$ and $\beta = 0.030$; $p > 0.05$). Though these findings are not statistically significant, the findings' direction is in line with the proposed hypotheses. This indicates that value and system coherence are associated with a slight increase in FinTech adoption. However, the impact of these variables is too low to be considered significant.

Social Influence shows a strong positive and highly significant effect on FinTech adoption ($\beta = 0.467$, $p < 0.001$). In this case, the significance of opinions, recommendations, and pressures from social groups is emphasized. It is the strongest effect among the variables.

4.3 Discussion

The measurement model results indicate that all constructions used in this study are reliable and valid. All Cronbach's alpha values for the constructions were above the suggested 0.70 limit. This provides an indication of high internal consistency within each measurement instrument. Likewise, composite reliability values for all constructions were also above 0.70. Thus, it provides confidence for the reliability of each construct and demonstrates that indicators are consistently measuring their latent construction.

In terms of convergent validity, all AVE values were above 0.50. This shows that the items measure the underlying constructions as expected by the latent variable. A few outer loading values were slightly below 0.70 but were kept since they have a meaningful theoretical implication and had an insignificant impact on overall model quality.

For discriminant validity, all constructs were found to be distinct from each other when using the HTMT criterion. All HTMT values were well below 0.85 (a strict cutoff value) while two values were close to 0.90 but well below the threshold. Multicollinearity is therefore not an issue, and all constructions are measuring distinct concepts.

The structural model results are important in examining the relationship between exogenous variables and FinTech adoption(Hair Jr, 2020). These results show that performance expectancy, effort expectancy, and social influence have a significant positive influence on FinTech adoption. Notably, social influence is found to be the strongest predictor of FinTech adoption behavior, meaning that external pressures and peer influence are very influential. People adopt FinTech because of their peers, customers or their social standing and expectations.

Performance expectancy is also found to have a significant positive effect, and this is important because this implies that perceived usefulness is still a crucial factor for the adoption of technology. Users are more likely to adopt FinTech if they perceive it as useful technology for business improvement and productivity. Effort expectancy is statistically significant but with smaller effect size implying that this factor is a secondary influencer of the adoption behavior. Facilitating condition resulted in insignificant negative effect size (= -0.074) with FinTech adoption.

This reveals that the existence of resources and infrastructure is not directly related to adoption. Other underlying factors must hinder this aspect of adoption. Location instability was found to be with insignificant positive effect size (= 0.020) on FinTech adoption. It implies that mobility factor has an insignificant influence on FinTech adoption with respect to the scope of this study.

Overall, the results of the quantitative study indicated that behavioral and perceptual factors-especially the influence of others and expectations of performance-are more likely to cause users to adopt FinTech, compared to the structural and contextual factors.

5. Conclusions and Implications

This paper empirically analyzes the adoption of FinTech by small food businesses in Sri Lanka based on UTAUT2 framework. The result indicated that Social Influence (SI) and Performance Expectancy are significant determinants in adoption; while facilitating conditions, price value, sequential coherence and location instability are not significantly related with it.

Implications for FinTech providers are that the finding strongly implies FinTech providers should actively exploit social networks and community-based marketing strategies to popularize their solution. Establishing relationships with small business associations, business networks, intermediaries or influential people in the community would gain credibility and popularity for FinTech services. Social influences on the extent were happy and satisfied users' testimonies, social recommendations by peers will also boost up confidence of potential users.

At the same time, in terms of performance expectancy, FinTech providers should clearly communicate its utility. Providers must stress the advantages in efficient transactions, ease of financial management, overall business performance etc. Providing actual outcomes from user adoption of technology and demonstration could improve potential users' perceptions of its benefits. Based on the significance of effort expectancy, providers must make their platforms user-friendly and easy to use and remember.

Policymakers play an indispensable role in stimulating FinTech adoption among small businesses by building and cultivating a favorable atmosphere. Policies focusing on stimulating peer learning and knowledge sharing (e.g. Workshops, training programs, community forum) allow small business owners to learn from each other through observing the experience of early adopters, so that the risk and uncertainty of adoption are minimized. Additionally, relevant government assistance and incentives, such as financial incentives, subsidies or technical assistance programs, should be in place to facilitate the adoption decision of small businesses.

Coordinated action is required for the adoption among small businesses in FinTech services. Interaction between providers and government plays an indispensable part in minimizing potential users' concerns, build trust for e-financial transactions and support users in overcoming potential adoption barriers. For instance, through connecting the providers' interaction with the business communities, social influence is built, whereas regulatory clarity, and capacity building support by government help enhance it.

However, even though statistically insignificant, facilitation conditions have negative association that it must provide not only the structural conditions but also users' behaviors, trust

and perceptions. In contrast, the insignificant nature of Price value, location instability, and sequential coherence reveals that these three determinants are not primary concerns for the adoption decision in this study.

In conclusion, the adoption intention among the small food business is driven by social factors and perceived use rather than structural conditions. Therefore, emphasizing clear performance benefits delivered by FinTech services and promoting its use through social influence by leveraging the peer networks and social comparisons is important. Learning from others in successful adoption can reduce concerns of other small businesses.

This research has some limitations. This study looks at food businesses in the Colombo District of Sri Lanka. So we cannot say for sure if the same things are true in places, like rural and semi-urban areas, where it might be harder to get digital tools and financial technologies. We did this research at one point in time, so we do not know how things change over time when it comes to using FinTech. Future studies should look at how things change over time. This will help us see how people's behavior and attitudes change when technology and digital tools become more available.

We chose the people we talked to in a way that was easy for us. They told us their answers themselves. This means that people might not have told us the truth and that could affect our results. If we had talked to people, including other types of stakeholders, our findings might be more reliable. The UTAUT2 model helped us understand why small food businesses use FinTech. Future studies could look at more things, like how well the owners understand digital tools and money and what kind of business it is. This could give us ideas about FinTech adoption. We added some things to the model like Sequential Coherence and Location Instability, but they did not make a big difference in this research. This might be because of the people we talked to. Because we did not measure these things very well. More research in places with more people could help us understand if these things are important or not.

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