Factors Affecting Fintech Acceptance: A Qualitative Case Study in Sri Lanka

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Abstract

With the COVID-19 outbreak, an increasing trend to shift toward cashless transactions in Sri Lanka is witnessed. With the emergence of JustPay, LankaQR, Genie, etc. most of the barriers in the local Fintech industry have been removed. However, empirical studies have revealed that even though there has been a strong implementation of digital payment methods in the country, their adoption by consumers is relatively low. This study analyzes the experience of Fintech industry players in Sri Lanka in promoting Fintech solutions in the country, particularly identifying the factors affecting Fintech acceptance by consumers. This study employed a qualitative case study approach with five CEOs from Fintech firms in Sri Lanka. Semi-structured interviews were conducted, and data was analyzed thematically. The findings of the study revealed that consumers' awareness about Fintech services, Fintech's ability to serve the real-life needs of consumers, consumers' trust, availability of digital infrastructure facilities of the country, the convenience offered by the products are the main factors that directly affect Fintech acceptance. All the CEOs who were interviewed highlighted the importance of building consumer trust and awareness.

Keywords: *Cashless, Fintech acceptance, Digital payments, Qualitative study*

1. Background of the study

Fintech is the ellipsis for Financial Technology, which implies the application of innovative technologies in financial services (Vives, 2017). Furthermore, this can be identified as a separate business segment comprising innovative startups who extensively use technologies to build more efficient financial systems (McAuley, 2015). On the other hand, it is a separate business model which focuses on providing financial services by using mobile devices or software. In consequence, both new startups and incumbent players in the Fintech industry offer the fastest, most inexpensive, and customer-oriented products and services. Thus, the existing players in the financial services sector, including commercial banks, investment banks, finance companies, insurance companies, and leasing companies have been threatened due to disruptive challenges brought down by these innovators. This development in the financial services sector is widely known as the "Fintech Revolution" and can be seen as the convergence of Technology and Finance to reshape the industry.

Since 2015, Fintech services have seen an increase in awareness as well as adoption1 globally (EY Fintech Adoption Index, 2019). In 2015, the year in which the first EY Fintech adoption index was published, the global Fintech adoption rate stood at 16%. Then the rate increased to 33% in 2017 and to 64% in 2019. Further, 96% of global consumers are aware of at least one alternative Fintech service available and, 3 out of 4 global consumers use a money transfer and payments Fintech service (EY Fintech Adoption Index, 2019).

Andriole (2017) also highlighted that Fintech adoption speed varies across nations. This is because those countries that have a well-developed digital infrastructure can leverage Fintech very fast. Thus, a high correlation between highly developed digital countries and Fintech adoption can be seen. Further, people tend to adopt these tech-savvy products in those countries as most of them can work with digitally driven applications easily. However, this is not the case in developing nations where there is a lack of digital infrastructure capabilities such as broadband network connection, cloud, big data, and cybersecurity and people lack with required technological literacy. However, there is a lot of potentials for Fintech startups to launch their products in developing nations as most of the developing nations believe Fintech is a suitable means of reaching their expected level of financial inclusion and resulting in inclusive growth.

When considering the Sri Lankan situation, compared to regional peers Smartphone ownership in Sri Lanka, the age group of 15-65 is at just 54% and others use basic phones with no internet connectivity (Kemp, 2022). As a result, a significant proportion of the Sri Lankan population is still unconnected. Further, investigations

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1 Fintech Adoption is used here to refer to the widespread use of a new application, product or process (Frost,2020).

have revealed that limited skills, lack of digital literacy, lack of awareness, and relatively unaffordable services are the root causes of this situation.

When compared with the regional peers, there is a high bank penetration in the country as there is a wide range of financial service providers. Thus, most people have access to conventional physical bank branches. However, due to formal and transparent procedures applied by these conventional service providers, a large section of the population is excluded from the formal financial system. As a result, mainly the poor households from rural areas are in the informal financial sector relying much on cash and physical assets which are very much riskier and costlier (Kelegama, 2014). Further, Thennakoon (2021) highlighted that the mere existence of many financial institutions may lead to some adverse effects if it is driven by unregulated entities.

With the technological revolution, both the unbanked and underbanked populations received greater access to financial services. For example, peer-to-peer (P2P) payment services allow individuals to directly pay others through apps without cash or checks. P2P lending services or social lending connects borrowers directly to investors. Thus, those who need money can easily access funds without complying with the rigid processes of formal financial institutions. In this backdrop, Fintech can be used to better serve those living in rural areas.

Several studies have been conducted in identifying the factors affecting Fintech adoption intention using quantitative research methods. However, there is a dearth of studies that applied qualitative research methods by taking Fintech industry players' concerns into consideration. Thus, this study aims at identifying factors affecting Fintech adoption intention in Sri Lanka from the industry players' perspectives by applying qualitative research designs. The application of the qualitative approach in this study is worthwhile as it enables the revealing of the industry players' perspectives in the context of the research as extant quantitative research has considered only the consumer perspectives.

Since Sri Lanka is still at its early stage of Fintech adoption, this area was not much attractive for researchers to carry out their studies and to add their constructive findings to the field. However, due to the current COVID-19 pandemic and subsequent difficulties faced by households due to the lockdown, consumers are increasingly looking at alternative ways to access their financial services. Thus, the finding of this research may help both potential start-ups in the field of Fintech and incumbent players in the financial service industry to identify the factors affecting Fintech acceptance in Sri Lanka and thereby enable them to design more customer-oriented products. It may also lure the users for frequent use and attract non-users to do their first online financial transaction. Further, consumers of the financial services industry will also benefit at large as their primary concerns are well communicated to the service providers, which in turn shifts them towards a more consumer-centric approach. Further, policymakers including the Central Bank of Sri Lanka (CBSL), relevant ministries, and departments will be informed on designing policy framework.

Section Two and Three of the paper present the current theoretical and empirical undercurrents and the methodology respectively. Section 4 presents the knowledge gathered from the industry participants in the Fintech sector, followed by the conclusion.

2. Literature Survey

Increased levels of digital transformation in the financial services industry resulted in the emergence of Fintech all around the world. Given the widespread of Fintech products and services across the world, there is a growing number of Fintech consumers entering the market. However, the survey results of eminent consultancy firms show that the rate of 'Fintech Adoption' varies across the countries significantly (for example, EY Fintech Adoption Index (2019), PWC Global Fintech Survey (2017). Adoption is referring to reflecting the extensive use of new applications products or processes. King and Nesbitt (2020), also confirmed that Fintech is being adopted across markets worldwide unevenly. In their analysis they highlighted that in developing countries adoption is driven by unmet demand for financial services and in other economies, adoption can be related to high costs of traditional finance services, supportive regulatory environment, and other macroeconomic factors.

EY Fintech Adoption Index (2019) revealed that Fintech has captivated the world by entering the mainstream of all the markets they surveyed. Emerging markets are leading the way. For example, survey results revealed that both China and India showed a high adoption rate of 87% and Russia and South Africa, both with 82%. Among developed countries, the Netherlands, the UK, and Ireland lead in adoption. Further, when comparing the statistics provided in the EY Fintech Adoption Index (2015), the adoption rate of Australia, Canada, Hong Kong, Singapore, the UK, and the US have pitched from 16% in 2015 to, 31% in 2017 to, 60% in 2019. Survey results also confirmed the rapid growth of global Fintech adoption than anticipated as 64% of the global adoption rate in 2019 which exceeded by 12% the expected growth rate of 52% predicted in 2017. In the same way, between 2013 to 2018, Global investment in Fintech doubled more than six times, from USD 18.9 billion to USD 111.8 billion. Junger & Mietzner (2020), conducted a survey to investigate the adoption of new technologies and services in the financial services industry by German households. Their findings revealed that 31% of survey respondents could imagine moving away from traditional service providers to Fintech indicating that these new providers are capturing a significant market share from the incumbents. Although this accelerating pace of growth in Fintech firms can be mainly highlighted in both developed markets, such as emerging markets, different to that of developing countries.

Further, consumers show a remarkably high rate of awareness of Fintech services as globally, 89% of consumers are aware of the existence of in-store mobile phone payment platforms and 82% are aware of peer-to-peer payment systems and non-bank money transfer services driven by Fintech (EY Global Fintech Adoption Index, 2019). However, when considering the global adoption rate of Fintech services only money transfers and payments have a higher adoption rate of 75%, and other Fintech categories such as savings and investments, budgeting and financial planning, insurance, borrowings are shown a less adoption rate of less than 50% (EY Global Fintech Adoption Index, 2019). Further, the Small and Medium Enterprises (SMEs) survey also revealed that 56% of SMEs use banking and payment Fintech services. These statistics clearly show that there is a selective adoption of Fintech services by both global consumers and SMEs. More importantly, this dichotomy has put forward the potential barriers of Fintech adoption in several Fintech service categories (Singh et al., 2020).

A significant gap between consumer awareness in Fintech and their adoption of Fintech services was also investigated through a survey carried out by CGI Group Incorporation in 2016[2]. Accordingly, they found that an average of 72% of consumers are aware of Fintech with an average of 33% of consumers reporting current and planned behavioral intention to adopt Fintech services. Further, the survey results show that consumers overwhelmingly prefer their current financial institutions. Thus, consumers expect their current players to provide them with value-added digital services they required mainly for reasons of trust, value, and convenience. Further, the survey results show that consumers prefer other traditional service rating them as their second choice and leaving non-traditional service providers or the Fintech firms as their third choice. Thus, from the Fintech firms' point of view, consumer attraction is a significant challenge.

Sukaris et al. (2021) highlighted that although there is a rapid growth of Fintech in Indonesia, adoption or the utilization of those services is fairly law. The reason for the situation is that a significant percentage of people still use bank transfers, internet banking, and Cash on Delivery (COD) even for digital trading transactions. It is expected that while payment using E-Wallets and E-money are less a significant growth can be expected as there is an increasing trend among people to use

2 https://www.theglobaltreasurer.com/wp-content/uploads/2018/03/CGI-Transaction-Services-Survey-2016.pdf

smartphones. Even though Fintech firms have been popular in developed and emerging markets it is not the case in developing countries (Buckley & Webster, 2017). Sarma and Pais (2011) highlighted those countries that exhibit a high level of per capita income, literacy and have better access to information and tend to be more financially inclusive than those experiencing low levels of such factors. Based on a systematic study, it was revealed that as of now the availability of cross-country data on Fintech investments and adoption is patchy but the data available is improving. Using the data from the World Bank, International Monetary Fund (IMF), and other market research, Frost (2020) observed that Fintech adoption is significantly varying across countries. The study also revealed that different countries tend to show a varying level of adoption among different Fintech products. For example, Both UK and the US have achieved significant growth in terms of credit platforms whereas mobile payments have been picked up in most of the emerging and developing countries such as India and Bangladesh. The study also highlighted the availability of significant variance of Fintech adoption among certain cities in the same country. Frost (2020) also argued that while Fintech markets are larger in developed markets it is more important for developing nations as it tailors to the people without access to formal banks. This indicates that Fintech firms can leverage their business into developing countries while serving well for the larger potential consumer base in those countries.

As a whole a significant portion of the population in developing countries are still unbanked and thus, is exclude from the formal financial ecosystem. A key reason for this is the presence of a large portion of the rural population. In general, these people treat Fintech with suspicion due to a lack of awareness. As a result, inequality between unbanked people and people with a bank account is still significant in these economies. This gap is widening with regard to to rural areas. Key barriers to financial inclusion include a lack of personal documents and credit history, poor financial infrastructure, logistical and delivery challenges due to lack of necessary infrastructure, restrictive regulations, and financial products offered by banks in main cities that are more appropriate for an urban population. The large unbanked/underbanked population of developing economies makes it an attractive region for Fintech companies to develop solutions and to go to market.

Since the Fintech industry is rapidly growing in both developed and emerging markets, this has been an attractive field for researchers. As a result, several studies report findings in different areas of Fintech in these advanced economies (eg. Shiau et al., 2020; Singh et al., 2020; Hasan et al., 2022). Due to the availability of sufficient empirical studies and evidenced-based assessments, Fintech firms in advanced economies are already familiar with the business environment, regulatory conditions, and more importantly consumer characteristics which enable them to develop new products on this basis. Yet, developing economies present a far more challenging environment. Since the experience of obtaining financial services is vastly different these differences need to be accommodated for Fintech to thrive in developing markets. This is because of lack of studies carried out mainly in identifying the consumers' desires. Further, as discussed above, developing economies present common characteristics pertaining to consumer perspectives on Fintech products and services. However, inadequate attention has been paid to scholarly work in developing a suitable framework that can be applied in identifying the important factors that affect Fintech adoption intention of customers in these economies. Thus, this study mainly focuses on developing a framework specifying such important attributes.

Chen (2016) explains that a massive growth of Fintech adoption in Asia was witnessed due to the phenomenon called 'Scenarization of Finance' which elaborates the concept of integration between finance and real-life needs. As per Chen (2016), it is the shift from 'Fintech' to 'Finlife'. He highlighted that the purpose of technology is not to make finance better, but to make finance serve the real-life better. As the world's second largest economy, China records the fastest Fintech growth well above the United States. China has achieved this success merely through integration between technology and real-life needs. Chen (2016) has initiated the concept of senarization of finance through deeper analysis of the Fintech success story of China. The concept of senarization of finance is useful for financial inclusion as it shows how fast consumers can obtain access to finance through new technology. Further, the long-lasting success of Fintech innovations depends not on how complicated the technology is, but by how well they satisfy real-life needs. Accordingly, this study is focusing on assessing the Fintech players' point of view on their business model and its integration with consumer's real-life needs.

3. Methodology

In this study, the social constructivism research paradigm is used as the researcher aims to understand a phenomenon from the perspective of those experiencing it. Yin (2009) stated three key reasons for selecting the case study method as; answer "how" or "why" questions, the investigator must have little control over events, and the focus of the research must be on a contemporary phenomenon within a real-life context. Yin & Cohen (1984) stated three types of case studies: exploratory, descriptive and explanatory. Of them, the exploratory case study method is selected as the appropriate qualitative research design to answer the research question.

The purpose of establishing the reliability of a qualitative study is to ensure to which extent the researcher can ensure that the findings of the study are consistent with the raw data he collected (Lincoln & Guba, 1985). Therefore, before analyzing the data the author ensured that the transcripts of each five respondents are free from errors by confirming that those are transcribed as reported by the participants. Also, an inter-coder agreement was established consensually by checking the agreement of coding with the independent coder and reconciling the thematic sets (Wong & Cooper, 2016).

With respect to validity, both descriptive validity and interpretive validity were established. As per Christensen et al. (2014) descriptive validity refers to accuracy of the descriptive information reported by the researcher. 'Investigator triangulation' helps the researcher establish descriptive validity (Wong & Cooper, 2016). Accordingly, descriptions of the researcher were cross-checked with an independent coder's descriptions of the interview transcripts, and finally come up with valid descriptions of the analytical results. Interpretive validity was established to ensure that the researcher accurately understands the participant's viewpoints (Altheide & Johnson, 1994). The interview transcripts were checked by the participants to get their feedback and thereby established interpretive validity.

The researcher conducted semi structured interviews with Chief Executive Officers (CEOs) from Fintech companies to explore the strategies that they follow to attract more consumers. The purpose is to answer the research questions: how Fintech Firms can drive the Fintech adoption intention in Sri Lanka? and what are the suitable strategies that can be applied by industry players to promote Fintech products in the future? These interviews were conducted online on the Zoom Video Conferencing system. Exploratory case study is used as the research design and thematic analysis was applied in analyzing the qualitative data obtained from five cases in the study.

Thematic Analysis (TA) is used as the data analysis method under the exploratory phase of the research. The purpose of selecting TA is to identify the patterns across the viewpoint of different participants in answering the research question as the rigorous thematic analysis can produce trustworthy and insightful findings (Braun & Clarke, 2006). The themes were developed inductively from the raw data. Consequently, this study employed a data-driven inductive way of thematic analysis. The following process was applied in analyzing the data (Nowell et al., 2017).

- Familiarizing with the data
- Generating initial codes
- Searching for themes
- Reviewing themes
- Defining and naming themes
- Producing the report

Familiarization involves critical engagement with the data (Braun et al., 2016). The purpose of getting familiarizing with data is to get a deep understanding of the data and to familiarize with the content. Thus, to get familiarized with the data author was involved in transcribing the audio files through listening participants' responses several times. After preparation of the transcripts the author took up reading and re-reading of the transcripts to ensure that the data is known. This stage helps identify the data that addresses the research questions (Belotto, 2018).

Coding is a key step in TA as it provides basis for the theme development. At this stage the author has identified and highlighted the key areas of interest which are helpful to achieve the research questions. Inductive coding was used in this study. Accordingly, the codes were developed based on the insights received from the interviews when reviewing the data. Inductive coding is very useful when researching novel and under researched topics. Microsoft Office Word was used to code the data and develop the thematic framework. Accordingly, relevant text has been tagged with different codes using Microsoft Office Word functions. A systematic coding process took place in two rounds to ensure a set of systematic, coherent, and robust codes. Consequently, the following codes were identified.

Table 1: Examples of Associated Codes

Advanced Technologies in FS	**Financial Inclusion**	**Protection against theft**	**Expand the Fintech business Presence**
Areas to be improved	Consumers' Real life needs	Digital literacy of the population	Ease of use
Electronic Know Your Customers	Consumer Experience	Preference for cash	Value creation
Authentication of Transactions	Cost of the services	Suitable Strategies	Venture capital requirements
Digital Infrastructure	Fair treatment for consumers	Fintech Awareness	cultural values
Drawbacks of Traditional Financial System	Building trust	Possible opportunities	Make consumers Aware
Convenience	Time saving	Collaboration with incumbents	
Supportive environment	Regulators Push	Bchest strategy	
Competing with incumbents	Fintech adoption	Unique features of Fintech	

Source: Author Compiled

These three phases involved the core analytic work in TA: organizing codes and coded data into candidate themes, reviewing, and revising those candidate themes, and developing a rich analysis of the data represented by the finalized themes (Braun et al., 2016). The process of theme development began with the codes identified in the previous phase. Based on the shared meanings of the different codes identified, they were grouped into a meaningful theme. Once the possible themes were identified the author reviewed the themes to ensure that each theme has a central organizing concept to capture all raw data, whether each theme has different meaning, to assess the interconnectedness of themes and to assess whether all themes collectively can show the overall story about the research context. The authors were engaged in multiple rounds of coding, categorization of codes into themes and refinement of themes and subthemes before the final phase. In phase six, we selected the most representative examples of these themes and subthemes and generated the final analysis of these extracts in relation to the research questions as shown in Table 2 below.

Table 2: Themes with the Definition

Main Theme	Sub Theme	Definition
Drivers of Fintech acceptance	Fintech awareness	Participants highlighted the importance of building awareness among consumers to promote their products and services.
	Digital Infrastructure	Participants emphasized the availability of digital infrastructure to boost the Fintech among consumers.
	Building Trust	Consumers tend to adopt Fintech services when those services offered secured way of transactions.
	Convenience	Consumers tend to accept Fintech services when they feel the convenience offered by the products.
	Consumers' Real-life needs	Consumers find it beneficial to accept Fintech services when those services serve for their real-life needs.
	Cultural values	Consumers decisions to accept Fintech services if largely depend on the cultural values of the country.

Source: Survey results

4. Drivers of Fintech Adoption: Thematic Analysis Results

Fintech awareness

As per the theory of perceived behavior, awareness is an external environmental factor that inspires a person's intention towards taking a certain action (Ajzen, 1991). Bickford and Reynolds (2002) highlighted that awareness is a form of social change, which rises an individual's likelihood of participation in certain issues. These explanations on consumer awareness indicate that when a person is aware of the importance of FinTech, it will create a positive attitude and as a result his keenness to use the platform.

Participants highlighted that building awareness among consumers is helpful to enhance the acceptance of Fintech. This is because that people in rural area is still not connected, and they do not know what Fintech is and the real benefits offered by the Fintech products. As a result, they are still highly connected with the traditional financial service providers and informal sector. Highlighting this fact participant 04 said that,

"Even now there are a smaller number of consumers who have already embraced the digital payments and acceptance. It's very law. That's a big challenge. A lot of awareness needs to be created for people to change the perception through educating them. The benefits of Fintech are to be known". (P#4)

Further, they highlighted that it is important that both consumers and small businesses should be made aware of Fintech services. Most of the SMEs which are in rural areas to be empowered to use these Point of Sale (POS) machines to encourage card payments, mobile money services, app-based payment systems etc. Participant 1 emphasized that,

"There are some hotels that still don't accept card payments, online payments, they don't have credit card machines in the rural side, and they don't know where to go and take it. They don't know what they need to see in a product. So, we must create such awareness.". (P#1)

In building awareness all industry players, regulators and policymakers have responsibilities to educate about the overall aspect of the Fintech while each Fintech firm has a role to promote their own brand through educating people on the special features and benefits of their products and services. This is also helpful for them to build trust among consumers and thereby accept Fintech as a secured means of doing transactions.

Participant 02 also highlighted that all these responsible parties shall spent huge amounts of money to build Fintech awareness in the country. However, Participant 02admitted that building Fintech awareness all around the country is a somewhat challenging task.

"To create awareness and change the perception and adoption of the consumers. It takes lot of money. Because you need to educate them. The benefits of Fintech should be known to them. And that demands a lot of energy, time, money. So, that is a big challenge.". *(P#2)*

Thus, as per the insights received from the participants of the study it is confirmed that even though the building awareness is challenging consumers are likely to be interested in Fintech products when they are aware that the system will help them. Several prior studies have confirmed that there is a direct impact of consumers' awareness on Fintech adoption (see, for example. Saksonova & Kuzmina-Merlino 2017; Ramdhony & Munien, 2013).

Digital Infrastructure

To cope with the rapid pace of technology advancements financial services industry today shall focus mainly on startup Fintech initiatives to provide alternative financial services via digital platforms developed through the emerging technological innovations. The key cutting edge technological developments in this context include Internet of Things (IoT), Artificial Intelligence (AI), Facial Recognitions, Data Analytics, Data Mining, Robotic Process Automation (RPA), Natural Language Processing (NLP) and many more. These platforms are helpful for companies to provide comprehensible solutions to the customers via these state-of-the- art technologies which enrich productivity and fast accessibility from anytime and anywhere.

However, participants were in the view that Sri Lanka required digital infrastructure to be developed in order to take the real benefit of the Fintech for the country as a whole.

Participant 01 highlighted that the industry becomes more lucrative when the required digital infrastructure is developed in the country. Especially, digital mechanisms such as Electronic Know Your Customers (EKYC), biometric authentication, multifactor authentication need to be developed in Sri Lanka which enable the parties to conduct real time transaction through Fintech without any delay.

"There are certain things that must be basically streamlined to facilitate the full implementation of Fintech in Sri Lanka. We still do not have the EKYC processes in Sri Lanka, which is a huge drawback as it is the last mile of any financial transaction.

Maybe on-boarding of a client using Fintech. How to get to know about your customers. How to basically authenticate the customers? How to authenticate the transaction? That last mile is missing and as a result, Fintech cannot basically go to its preferred extreme. Also, biometric authentication, multifactor authentication possibilities are weak in our country. Here we don't have the biometric databases even if we have such, we use that for very specific purposes like immigration for our passport. But those databases are not shared databases. Because of that, we have a little bit of slowness in completing the full transaction cycle". (P#1)

When considering Multi Factor Authentication (MFA), it is an authentication method which requires more than one verification factors. Therefore, dependence only on username and password is high. MFA requires additional verification method such as; finger print verification, facial recognition, One Time Password (OTP) etc. Hence, MFA helps in building the trust among consumers. So, these advanced technological methods should be brought into the financial services sector of the country.

Participant 04 was also in the view that to promote the Fintech services in the country digital infrastructure mainly the internet connectivity should be developed. Here in Sri Lanka a grave issue is the speed of the internet connectivity, which intensifies when it comes to rural areas.

"*Internet is very slow. That brings down the transaction processing speed to a longer time to processing transaction compared to other markets in which the time taken to process transaction is a few second". (P#4)*

Further, most of the people do not have access to these digital services as they do not have necessary devices. Thus, making everyone accessible for the financial services is another key challenge for the industry. With this rapid pace of digitalization respective authorities shall take necessary steps to establish proper digital infrastructures in the country and thereby ensure the equality of distribution of these services among both urban and rural community. Thereby, as a whole country would be able to unlock a higher level of financial inclusivity and resulting financial health of the country.

Building Trust

Lee and Turban (2001) assumed that trust is a belief, expectancy, or feeling about certain items, certain antecedents will increase or maintain the degree of trust that will affect the trust of both parties on the transaction. Participants were in the view that consumers generally look at the security of their transaction when engaging in online transactions. Thus, to build the trust factor among people several initiatives need to be taken by financial services providers, regulators, and policy makers. First, customers need to be made aware of the security features of these digital applications including the mechanism for safeguarding them. However, in Sri Lanka this digital authentication and verification process are yet to be implemented.

"Because of the non-availability of these biometric databases and non-availability of the Certification Authority (CA) We don't have the country CA. If we have this digital certification, country certification or the central CCS then even CBSL could have implemented this EKYC process faster but unfortunately, that is where even the CBSL is also struggling how to make sure that the authentication and verification is done perfectly. (P#1)

Participant 1 particularly highlighted the fact that most of the consumers are now considering digital way of transaction as a secured way when compared to the traditional financial services. This is because that the number of fraudulent cases reported with conventional service providers are high compared with the digital banking options.

"People have started trusting the digital banking because more frauds, injustice may have happened in the traditional system than in the digital system. if you look at past many years of digital banking implementation in Sri Lanka the number of cases reported on fraud are very manageable and minimal" (P#1)

Participant 02 was also in the view that in Sri Lanka it is difficult to establish the trust among rural area people. This is mainly because they are more attached to the public banks and they trust them considerably. Further, they do not have surplus cash and because of that they are afraid of losing their money. Also, in rural areas people are deeply entrenched in culture and its values and difficult to make them convince about these novel technologies. Especially, unlike other digital products like Facebook, WhatsApp etc. this is difficult to take to the people as they are highly worried about the security of their money.

"Trust factor which comes with cybercrimes, the law of the country when there is a transaction fraud happens whether there is immediate action taken on that" (P#2)

In this backdrop the law enforcement authority of the country has the key responsibility to build new regulations and update existing regulations to formalize the processes as required. Further, they shall educate the people about the regulatory framework exists in the country to safeguard themselves against the possible threats from engaging with digital transactions. All the participants were in the view that CBSL as the regulatory authority of financial services sector of the country has taken necessary steps to develop the suitable regulatory framework in the country. But still the same need to be updated and fine-tuned to capture the latest developments in the industry with the rapid pace of technology development.

“When considering the security, a body like the Central Bank needs to assure that every system is checked and certified and that’s how it goes to market and that has to be communicated to the end consumers” (P#4)

Previous studies have confirmed that there is a direct impact of consumers trust towards Fintech adoption. Stewart and Jurjens, (2018) confirmed that the decision to use Fintech services for financial transactions is strongly determined by the level of customer trust. Duffield and Grabosky (2001) stressed that a trusted transaction process is key to success of internet-based financial transactions. Through these businesses an atmosphere shall be built enabling potential customers to feel contented and confident to switch into Fintech products.

Convenience

The participants were in the view that most of the consumers prefer digital way of transacting due to convenience. In the traditional banking system consumers had to spend more waiting time. There also some officials practiced discrimination, leading to unpleasant experience for consumers. Unlike conventional banking services digital banking services enable consumers to take more pleasurable banking experience as they can do their transactions instantly by themselves without wasting time.

“You know how difficult and cumbersome it is to go to a bank, bank branch and wait to take a token and wait for an officer to get service and the interaction or the attitude of the person who offers the customer that changes from person to person like if you are a corporate customer where you give a lot of business to the bank and then the treatment you get is different to that of another small customer” (P#1)

More importantly Participant 1 highlighted the role of Application Programming Interface (API) in Fintech services. Especially, API enable Fintech services are more convenient for the consumers as API allows different systems to talk to each other. When financial transactions take place in digital form API enable data access among different parties involved in financial transaction, including banks, consumers, websites and third parties.

“When you get your app or the wallet you can get other services because API are available now. Banks are now getting connected with other service providers. If you are looking for a housing loan if you go to a bank or use your app probably through the app you can even apply for a loan and even find another architect to get your design done. Or maybe you know a contractor who can do the construction part and then all the payments can be basically channeled through the same app” (P#1)

Participant 2 also held the view that most consumers tend to adopt Fintech due to the convenience offered by those services. Mainly the 24-hour services or the extended banking hour experience is offered in digital financial solutions.

"Before 2014 we came to the market. If you have cash in your hand and if you want to deposit, you must deposit before 3:00 pm. There was a solution that came from some of the banks. I think initially it was NTB, Commercial came up with these extended banking hours in Arpico supermarkets and some other locations they had this mini branches. So, that was the solutions that the banks had. They have a branch which will be open till about &7:00 O'clock or 6:00 O'clock. There were super branches with some big banks such as, Seylan bank, they had a solution where they had the head office open 24X7. But all the branches cannot be opened till 6:00 or 7:00 pm. So, what we did was, we came up with the machine-to-machine technology where people would interact with a machine and deposit money, and you can do it 24X7" (P#2)

Focus on Consumers' Real-Life Needs

Chen (2016) argued that the success of Fintech in China came not because of the technology advancement but due to better integration between technology and real-life needs. Further, he highlighted that to design the growth path for Fintech, there should be a better link between technology, finance and real life needs of consumers which he highlighted as the theory of senarization of Finance.

All the participants highlighted that Fintech firms shall be focused on catering to the real life needs of the consumers. Even though the firms trying to introduce new technologies day by day, adoption of those products by the consumers heavily depend on the degree at which those products serve the real life needs of the consumers.

"To attract more consumers Fintech must create value for their product so that the consumers or the business will find it difficult to operate without it. Especially the firm shall focus on the real-life needs of the consumers and shall produce products to cater them" (P#4)

Especially in a country like Sri Lanka Fintech firms usually find it difficult to compete with the incumbent players mainly because they have an established market. However, Fintech firms can easily approach consumers through satisfying their basic needs by allowing them to complete their transaction through the basic devices they owned.

'Whatever the technical jargon we are talking about, there is so much technology that we have innovated over the past 10 to 15 years. I mean every 2 months you see new

technology is coming in. However, we must understand one thing that the peoples' core needs have not changed; the core need of the people is the same.' (P#1)

Thus, Fintech firms shall mainly be focusing on catering to the core needs of the consumers including depositing, borrowing or transferring money. Highlighting this fact PWC's Global Fintech Survey (2016) has also emphasized that new entrants in the Fintech firms shall focus on meeting evolving consumer needs with dynamically different products and delivery. The extensive growth of Ali Pay, Apple Pay, M-Pesa, Yu'E Bao etc. are evidenced mainly due to their ability to satisfy real-life needs of the consumers.

Cultural values

More importantly through the participants' comments received it was revealed that cultural values of the country also have significant impact towards Fintech adoption in our country. Although there are no previous studies carried out to confirm the impact of cultural values on Fintech adoption the specific findings can be treated as a new finding in the Fintech adoption research context. Current context, most of the companies in financial services industry in Sri Lanka shows slow response to change, hierarchical structures, cautious risk appetite, focused on the product. On the other hand, Fintech firms are said to be more agile, collaborative, distributed organizational structure, with a daring appetite for risk, Customer focus. Also, in consumers' perspective, they are also driven by more cultural values as they are reluctant to accept risky products, more attached with the traditional ways of doing transactions.

Participant 4 was in the view that rapid pace of technology transformation in financial services industry in the country cannot be seen due to the cultural values and beliefs of the consumer base.

"Transformation embracing the change is not happening in our country. That is driven basically along with our culture and our believes. So, it is the biggest challenge any Fintech has when it comes to launching a product in Sri Lanka" (P#4)

Thus, basically based on the cultural values of the people in the country Fintech firms shall focus more on the security feature of the products as people usually less likely to accept risk. Further, Fintech firms shall consider the Junger -conscious nature of people when they decide the pricing policy. Also, when promoting the product Fintech firms shall focus on advertising their products considering the social influence the consumers have as they tend to refer to the opinion given by others.

5. Conclusion

When considering the insights received from industry players, they are also in the view that consumer awareness of Fintech services, Fintech's ability to serve real-life needs of consumers, consumer trust, availability of digital infrastructure facilities of the country, convenience offered by the products are the main factors which directly affect Fintech acceptance. All the CEOs who interviewed highlighted the importance of building consumer trust and awareness would be the key considerations. This is because that when consumers are aware of the benefits Fintech products offer, they tend to be familiar with these products and with the continuous engagement of the products may lead to establish their confidence with the products and ultimately leads to word-of-mouth marketing confirming the extensive promotion of their brand. Once the consumer feels secured when conducting transaction using Fintech services their trust can be established and thereby, they will tend to accept Fintech more. Also, the novel findings of the study are the cultural impact on Fintech acceptance.

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