Unlocking The Potential: Examining The Fintech Adoption In Retail Sectors

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ABSTRACT

Purpose: The research aims to investigate the technology adoption among retail shops and the study concentrates on the factors which are contributing to the fintech adoption among them. Nowadays, the majority of retail shops have adopted the concept of fintech still shops are there who does not adopt financial technology. so here the study emphasizes the influence of the demographic profile, financial literacy, and trust on the fintech adoption and it will help to identify whether these variables have any role and if it is yes, how they can be used to enhance the adoption of financial technology among the entire retail shops.

Methodology: The study followed a quantitative research design and used both primary and secondary data. the researcher collected primary data from 55 retail shop owners with the help of a questionnaire and the data were analyzed with the help of different statistical tools. The researcher used descriptive statistics, t-tests, correlation, and regression to conclude the study. Then the questionnaire contains different statements some of them are constructed by the researcher and some are taken from previous studies. Then the researcher utilized Cronbach's alpha to ensure the reliability of the data.

.**Research gap**: many studies were conducted on the fintech adoption by concentrating on the adoption among specific industries like banking or finance and there lack of a study concentrated on retail shops. The majority of the studies are done based on the variables in the TAM (Technology Adoption Model), here the researcher added financial literacy and trust to evaluate the fintech adoption among the retail shops.

Findings: The study found that the demographic variables of the owners don't show any significant difference in financial literacy, trust, and fintech adoption. It means regardless of the difference in age, gender, and region of residence the owners have adopted the financial technology in their shops. The perceived ease of use, perceived usefulness and trust have an impact on the fintech adoption among the retail shops and these variables are correlated with each other. Whatever the benefits and risks the retailer considers the need for financial technology to improve customer involvement and satisfaction. The retailer considers the ease of use and trust because the study found that the people with more ease of use and trust are ready to accept the adoption of fintech in their retail store.

Implication: The study provides valuable insights into the factors that impacted the fintech adoption among retail shops and it is helpful for the government and policymakers to make decisions on the enhancement of the fintech adoption in our society to improve financial inclusion. the study suggested facilitating more training and development to enhance the ease of use and trust among the people and it will lead to the adoption of technology in the field of finance by the entire society.

Key Words: Adoption of technology, Financial Technology, Financial literacy, retail shops, Trust.

INTRODUCTION

Fintech, or financial technology, is the term for the creative application of technology to provide a broad range of financial services and products. Fintech refers to a broad range of applications in both personal and business finance, such as robo-advisors, peer-to-peer lending platforms, cryptocurrency, online banking, mobile payment apps, and crowdfunding platforms. Fintech's main goal is to improve and simplify financial procedures so that they are easier to use, more effective, and accessible. Fintech companies strive to modernize traditional financial services by utilizing advanced technologies like blockchain, artificial intelligence, data analytics, and mobile computing. Their goal is to make these services more affordable and easy for both consumers and enterprises.

The way people circulate money, invest, borrow money, and handle their finances has all been completely transformed by fintech advancements. Additionally, these developments have opened the way. Financial inclusion has also been made possible by these developments, since people and companies in underserved or isolated locations may now obtain banking and financial services via cellphones instead of going via conventional physical establishments.

Online banking, a key element of financial technology, or fintech, has spread throughout the world and changed how people and companies handle their money. Online banking has expanded thanks to the Internet's broad accessibility and availability. A larger populace can access online banking as more areas get internet availability. Because of their user-

friendly interfaces, banking applications are suitable even for those with little experience with technology. Encryption, biometric authentication, and real-time fraud detection are just a few of the strong security processes that banks and fintech firms extensively invest in. By addressing users' worries over internet security, these steps instill confidence in users. User trust is also enhanced by strict regulatory standards that guarantee online banking services comply with financial regulations and data protection legislation. Online banking extends traditional banking hours by offering 24/7 accessibility, which enables customers to maintain their accounts and perform transactions whenever they choose. By eliminating the need for paper records, digital documentation and electronic statements provide a more efficient and environmentally responsible banking experience. Online banking fills in the gaps for the unbanked by providing financial services to people living in rural or underdeveloped areas. Even on low-end phones, mobile banking apps provide access to crucial banking services.

Online banking supports companies and individuals involved in international trade and travel by facilitating cross-border payments and international transactions. By working with fintech companies, established financial institutions incorporate cutting-edge innovations into their online banking systems. The creation of fresh products, services, and customized banking encounters results from this synergy. Emerging technologies like blockchain, which allows for safe and transparent transactions, and artificial intelligence, which improves customer service and financial insights, are transforming online banking. Online banking systems use user data analysis to provide financial advice, product recommendations, and personalized services that improve the overall experience of their customers. User inquiries are promptly answered by online chat support and AI-powered customer care bots, guaranteeing prompt assistance. The widespread usage of Internet banking is evidence of both the efficiency and convenience it offers consumers in managing their finances, as well as the advancement of technology. Users are depending more and more on online banking services, therefore the the industry continues to provide innovative ideas and ensures security based on the needs of the users. (Meyliana & Fernando, 2019), evaluated the adoption of technology by using the variables perceived risk and trust. the conceptual framework of the study is based on the Technology Acceptance Model (TAM) and the study concludes that the perceived risk doesn't have any influence on the adoption of fintech services and attitude towards the fintech services. The perceived usefulness is influenced by trust but the study is in the case of Indonesia and the country is entirely different from a country like India (Meyliana & Fernando, 2019). Demographics also play an important role in the adoption and the young generation has more trust in the technological innovation in the field of finance(Frost, 2020). Then the adoption of technology related to the cost of traditional finance, support from the regulatory institution, and other economic variables because it emphasizes the role of technology in making the economy more inclusive and efficient and the study also concludes that it will lead to the economic development of the nation(Frost, 2020). The financial institutions have adopted the technology and the effort expectancy, social influence, facilitating condition and perceived reliability have a positive influence on behavior intention(Khatun & Tamanna, 2020). The study focused only on the adoption of financial technology among the employees of financial institutions and evaluated the factors behind the adoption of financial technology among the financial institutions of Bangladesh. Trust have a significant influence on the attitude for the adoption of fintech services however, the perceived risk and the ease of use don't influence the attitude toward the adoption of fintech services among the customers of banks (Hu et al., 2019).

the intention of adopting fintech services among bank users with the help of the TAM model and user innovativeness, government support, brand image and perceived risk as the variables to investigate how the users adopting the fintech services(Hu et al., 2019). (Xie et al., 2021), examined the impact of perceived value and perceived risk on the adoption of fintech platforms by extending the Unified Theory of Acceptance and Use of Technology (UTAUT). The researcher found that the perceived value, perceived risk, and social influence have a relation with the adoption of the fintech services but the performance expectancy, effort expectancy and perceived risk have a significant influence on the adoption and the researcher contributed a new model for the future researches in the fintech practices.

OBJECTIVES
➢ To analyze the demographic profile of the retail shop owners who have adopted the financial technology in their shops
➢ To analyze the significant difference in the fintech adoption across the demographic profile of the retail shop owners.
➢ To analyze the impact of financial literacy and trust on the fintech adoption among retail shops.

RESEARCH METHODOLOGY
The study focused on the adoption of financial technology among retail shops. The study followed a quantitative research design in which the researcher statistically analyzed the relationship between the variables, here the researcher utilized financial literacy, perceived usefulness, perceived ease of use, trust, perceived benefit, perceived risk and fintech adoption as variables under the study. The target population is the retail shop owners of the Palakkad district of Kerala and the samples are selected based on the convenient sampling method. 80 questionnaires were circulated among the retail shops, out of which 55 were selected based on the usefulness of the data. the fintech adoption is examined with the help of self-constructed statements and some statements are considered from previous studies(Xie et al., 2021). The respondents are provided with statements with a five-point Likert scale. The researcher used descriptive statistics, independent t-test, ANOVA and regression analysis to analyze the data and Cronbach's alpha was used to analyze the reliability of the data. The study is limited to the convenient sampling method and it may introduce biases in the study.

ANALYSIS AND INTERPRETATION

Demographic profile of the respondents

		Frequency	Percent
Gender	male	29	52.7
	female	26	47.3
	Total	55	100
Age	below 30	26	47.2
	Above 30	29	52.8
	Total	55	100
size	Small	30	54.5
	Medium	25	45.5
	Total	55	100
Region	Rural	35	63.6
	Urban	20	36.4
	Total	55	100

The table shows that the majority of the retail shop owners are male and it is evidence that more than 50% of them are in the age group of above 30. Accordingly, the majority of the retail shops are in small size when compared to medium size. Then 63% of the retail shops are in rural areas and others are situated in urban areas.

Reliability Statistics

Variables	N of Items	Cronbach's Alpha
FL	4	.821
P_UFT	4	.789
TR	5	.765
PEU	4	.744
PB	5	.865
PR	5	.834
AFT	4	.851

The table shows the variable and the number of statements that are used to measure the variables. The Cronbach's alpha value is more than .7 for all the variables. It indicates that the variables have a satisfactory level of internal consistency. All the statements that are used to measure the construct are consistent.

Adoption Of Financial Technology Among The Retail Shops

The mean score and the std. deviation of the variables financial literacy, perception about the use of financial technology, trust, perceived ease of use, perceived benefit, perceived risk and adoption of fintech are given below and each is measured using different statements.

Average score analysis

Variables		Mean	Std. Deviation
Financial Literacy	FL1	1.8182	.77198
	FL2	1.9636	.66566
	FL3	2.0727	.81319
	FL4	2.2727	.80403
Perception of Use of Financial Technology	UFT1	1.8909	.68510
	UFT2	1.8909	.62872
	UFT3	1.8727	.79476
	UFT4	1.6545	.72567
Trust	TR1	2.1636	.68755
	TR2	1.8182	.61134
	TR3	2.1455	.70496
	TR4	2.2909	.73718
	TR5	2.0364	.74445
Perceived Ease of Use	PEU1	1.9091	.70113
	PEU2	1.9818	.70687
	PEU3	1.6909	.69048
	PEU4	2.1091	.80904
Perceived Benefit	PB1	2.0545	.67818
	PB2	1.7636	.63723

	PB3	1.9455	.75567
	PB4	1.7818	.71209
	PB5	1.9273	.87886
Perceived Risk	PR1	1.9273	.79009
	PR2	1.9636	.76893
	PR3	2.0000	.76980
	PR4	2.2182	.89631
	PR5	2.1273	.86184
Adoption of Fin-Tech	AFT1	1.8000	.67769
	AFT2	1.9636	.69292
	AFT3	2.0000	.81650
	AFT4	1.9091	.75210

SOURCE: SPSS output based on Primary data.

The average score ranges from 1.8 to 2.2 indicating that the financial literacy among the owners of the retail shops is relatively low and moderate and the low and moderate level of perception about the use of fintech indicate that the retailers lack excitement on the adoption and use of financial technology. As per the data the retailers have trust in the aspects of financial technology and a balanced view of the perceived level of benefit and risk. overall the retailers show a readiness to accept the financial technology but still, there lacks confidence or trust.

Relationship Of Adoption Of Fintech With Gender, Age, And Region Of Residence
H_01: The adoption of fintech does not significantly differ between male and female respondents.
H_02: The adoption of fintech does not significantly differ between the respondents in the age group below 30 and above 30
H_03 The adoption of fintech does not significantly differ between the respondents from rural areas and respondents from urban areas.

Independent Samples Test									
	Gender			Age			Region of Residence		
	t	df	Sig. (2-tailed)	t	df	Sig. (2-tailed)	t	df	Sig. (2-tailed)
FL	.576	53	.567	-1.714	53	.092	-.180	53	.858
P_UFT	2.272	53	.027	-1.673	53	.100	2.380	53	.021
TR	2.815	53	.007	-2.153	53	.036	2.300	53	.025
PEU	3.050	53	.004	-2.235	53	.030	2.110	53	.040
PB	.387	53	.700	.292	53	.772	1.346	53	.184
PR	-.750	53	.456	.644	53	.522	1.119	53	.268
AFT	1.995	53	.051	-1.432	53	.158	1.458	53	.151

SOURCE: SPSS output based on Primary data.

The independent sample t-test across the gender, age and region of residence shows different levels of significance across the variables in the study. There is no significant difference exists across gender, age and region in the case of financial literacy, perceived benefits, and perceived risk. however significant difference exists in the case of perceived usefulness, trust, and perceived ease of use and it indicates that the perception varies across different demographic variables. The adoption of fintech i9s is also not significant across the variables and it specifies that the perception of the financial technology is consistent regardless of the age, gender, or region. Hence the researcher failed to reject the null hypothesis, which means the adoption of fintech does not significantly differ based on the demographic variables.

Relationship Between The Variable That Measure The Adoption Of Fintech Among The Retail shops
Correlation coefficient

	FL	P_UFT	TR	PEU	PB	PR	AFT
FL	1						
P_UFT	.501**	1					
	.000						
TR	.488**	.967**	1				
	.000	.000					
PEU	.426**	.923**	.913**	1			
	.001	.000	.000				
PB	.363**	.649**	.623**	.544**	1		
	.007	.000	.000	.000			
PR	.253	.423**	.369**	.440**	.595**	1	

	.062	.001	.006	.001	.000		
AFT	.361**	.877**	.867**	.907**	.443**	.376**	1
	.007	.000	.000	.000	.001	.005	

SOURCE: SPSS output based on Primary data.

The correlation coefficient measures the strength and direction of the pairs of variables and here the table shows the relation between the variables financial literacy, perceived ease of use, trust, perceived usefulness, perceived benefit, perceived risk and the adoption of technology. Accordingly, financial literacy and trust are highly correlated with perceived usefulness and it indicates that higher financial literacy is related to more perception about the use of fintech. Then the perceived ease of use is highly correlated with trust and perceived usefulness, which means the respondents have high trust and perception about the fintech and consider the financial technology as easy to use. Overall, the data indicates that the adoption of fintech is co0rrealted with the perception about the fintech, perceived ease of use and trust. However, the perceived risk has little role in the relationship among the variables.

Impact of the selected variables on the adoption of fintech among retail shops

Model Summary				
	R	R Square	Adjusted R Square	Sig
FL	.361ᵃ	.130	.114	.007
P_UFT	.877ᵃ	.768	.764	.000
TR	.867ᵃ	.752	.747	.000
PEU	.907ᵃ	.823	.820	.000
PB	.443ᵃ	.196	.181	.001
PR	.376ᵃ	.141	.125	.005

SOURCE: SPSS output based on Primary data.

The R-value represents the direction of the linear relationship between the dependent and independent variable and here as per the data, the adoption of technology is strongly related to the perceived ease of use, perceived usefulness and trust. Then the R Square value shows that 82 % of the variable in the fintech adoption is explained by the perceived ease of use and the trust and the perceived usefulness have a significant impact on the fintech adoption among the respondents.

DISCUSSION

The study focused on the adoption of financial technology among retail shops in Kerala and the researcher used variables like financial literacy, perceived usage, perceived ease of use, trust, perceived benefit and perceived risk as independent variables and the adoption of fintech as the dependent variable. The researcher selected samples based on convenience and structured questionnaires were used to collect the data. The internal consistency of the data is measured with the help of Cronbach's alpha and it shows that the statements are reliable. The findings of the study show that the majority of the owners of the retail shops are male and above the age of 30 and specify that they have a moderate level of trust and perception of the fintech adoption. However, the retail shop owner is not showing excitement about the adoption of fintech in their shops. The adoption of fintech among the retail shops does not significantly differ based on their demographic variable, the respondents are adopting the technology regardless of their age, gender, or region. Then the findings are contradictory to the previous studies (Xie et al., 2021) because the findings show that the fintech adoption is more explained by the perceived ease of use, perceived usefulness and trust than the variable financial literacy. The perceived benefit and the perceived risk do not have much impact on the adoption of fintech among retail shops. The perceived benefit is the advantage that the individual gets from using a particular technology and the perceived risk is the uncertainty that may take place while using the technology, previous studies have found that these factors have an impact on the adoption of technology but here the findings are contradictory in the case of adoption of financial technology among the retail shop owners. That study specifies that these variables don't have much impact on the financial technology adoption and it is because of the enhanced customer reach and enhanced financial management among the retailers due to the adoption of financial technology. Whatever the benefits and risks the retailer considers the need for financial technology to improve customer involvement and satisfaction. More Retailers consider the ease of use and trust because the study found that the people with more ease of use and trust are ready to accept the adoption of fintech in their retail store.

CONCLUSION

The study on the adoption of fintech among retailers facilitates many key findings. Firstly the majority of the retailers are male and the retailers display a moderate level of trust and perceived ease of use on the fintech adoption in their retail shop. However, they don't show excitement about the adoption of fintech in their retail shop and remarkably the the perceived ease of use, perceived usefulness, and trust among the retailers have an impact on the adoption of fintech rather than the perceived benefit and financial literacy. Then the study found that the adoption of financial technology by retailers is not significantly differing based on the demographic factors. The study concludes that retailers should be educated about the scope and practical implication of the financial technology to enhance the trust, perceived usefulness,

and perceived ease of use and it will enhance the readiness to adopt and use the financial technology in their retail business. Nowadays customers are aware of fintech and they become more attracted to fintech because of the ease of use so the adoption of technology in retail shops will enhance their customer reach and customer satisfaction. By considering the variables of the study the policymakers, financial institutions, and fintech companies can provide better support to the retail sector to utilize the financial technology, and therefore it is possible to reach the maximum potential of the retail industry.

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