

**FACTORS INFLUENCING THE ADOPTION OF FINANCIAL TECHNOLOGY BY  
TIER 4 MICROFINANCE INSTITUTIONS IN KAMPALA**

**BY**

**MUTUMBA WYCLIFFE**

**A RESEARCH PAPER SUBMITTED TO THE COLLEGE OF BUSINESS AND  
MANAGEMENT SCIENCES AS A REQUIREMENT FOR THE AWARD OF MASTER  
OF ARTS IN FINANCIAL SERVICES OF MAKERERE UNIVERSITY**

**SEPTEMBER, 2018**

## **ABSTRACT**

An important benefit of using financial technologies is the overall cost reduction for financial institutions as manual systems are costly and inefficient compared to financial technologies in terms of service delivery, time, reduction in the default rate, quick response to consumer needs, enhancing financial inclusion among others. Although several MFIs are coming up to provide financial services to their clients via financial technologies, there are however some that have been reluctant to adopt or fully utilize such technologies. Against this background, this study sought to examine the factors that influence the adoption of financial technologies by tier 4 microfinance institutions in Uganda.

The study focused on determining the effect of SACCO size on the adoption of financial technologies; finding out the extent to which availability of ICT infrastructure affects the decision to adopt fintech by SACCOs; and finding out the influence of Perceived Usefulness of financial technologies on adoption of fintechs by SACCOs. The research followed a cross sectional design in collecting primary data. Out of a total of 100 questionnaires distributed to SACCOs, 92 were returned. Ordinary Least Squares method was utilized to estimate the role of three explanatory variables in predicting the level of fintechs adoption. Among the three explanatory variables explored, SACCO size and availability of ICT infrastructure turned out to be the significant factors that are influential in contributing to SACCO's level of adoption of fintechs. On the other hand, perceived usefulness was insignificant in explaining the dependent variable. Accordingly, the implications of the results formed a basis for providing recommendations to the tier 4 MFIs.