

# **Factors that affect the adoption of buy now pay later technologies amongst South African SMME's**

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## **ABSTRACT**

The adoption of Buy-Now-Pay-Later (BNPL) financing among Small, Medium, and Micro Enterprises (SMMEs) in South Africa is an emerging trend with significant implications for business growth and financial inclusion. Despite the global rise of BNPL as a flexible payment solution, its adoption within the South African SMME sector remains limited. This study explores the key factors influencing BNPL adoption by drawing upon the Unified Theory of Acceptance and Use of Technology (UTAUT) framework.

A quantitative research approach was employed, utilizing survey data collected from South African SMMEs operating across various industries. The study investigated the roles of performance expectancy, effort expectancy, and social influence in shaping the behavioural intention to adopt BNPL financing. Additionally, demographic variables such as age, gender, and business experience were analysed as potential moderators of these relationships.

The findings indicate that performance expectancy and social influence significantly impact BNPL adoption, with effort expectancy playing a lesser role. Younger and more tech-savvy entrepreneurs demonstrated a higher likelihood of adoption, emphasizing the role of digital literacy in financial technology acceptance. The study also highlights the challenges faced by SMMEs, including regulatory uncertainties, financial literacy gaps, and accessibility constraints, which hinder widespread BNPL adoption.

The research contributes to both academic literature and practical applications by providing insights that can guide BNPL providers, policymakers, and industry stakeholders in fostering a more inclusive financial ecosystem. It underscores the need for targeted financial education programs and regulatory frameworks that support responsible lending while promoting digital payment solutions tailored to the needs of SMMEs.

## **KEYWORDS**

Buy-Now-Pay-Later (BNPL), Small, Medium, and Micro Enterprises (SMMEs), Fintech Adoption, Digital Payment Solutions, Performance Expectancy, Effort Expectancy, Social Influence, Unified Theory of Acceptance and Use of Technology (UTAUT), Financial Inclusion, Alternative Credit Financing, E-Commerce, Digital Transformation, Cash Flow Management, Financial Literacy, South African Business Ecosystem.

## DECLARATION

I, Kgaogelo Sebola, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the field of Digital Business at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Name: Kgaogelo Sebola

Signature:



Signed at ...Oakdene, Johannesburg.....

On the .....16..... day of .....02..... 2025..

## **DEDICATION**

I dedicate this work first and foremost to my Heavenly Father, whose boundless wisdom, grace, and unfailing love have guided me through every challenge. To my Lord and Saviour, Jesus Christ, whose strength and guidance have been my anchor and source of inspiration throughout this journey.

To my beloved father, whose encouragement and belief in the power of education instilled in me a passion for learning and a drive for excellence from an early age.

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## **LIST OF ACRONYMS**

BNPL: Buy-Now-Pay-Later

CFA: Confirmatory Factor Analysis

EE: Effort Expectancy

GDP: Gross Domestic Product

PE: Performance Expectancy

SEM: Structural Equation Modelling

SI: Social Influence

SMMEs: Small, Medium, and Micro Enterprises

UTAUT: Unified Theory of Acceptance and Use of Technology

# **CHAPTER 1. INTRODUCTION**

## **1.1 Statement of Purpose**

In recent years, innovative financial technologies such as Buy-Now-Pay-Later (BNPL) financing have revolutionized payment systems globally, offering businesses flexible payment options that enhance liquidity and operational efficiency (Gerrans, Baur, & Lavagna-Slater, 2022; Magida & Pieterse, 2023). While BNPL adoption has been extensively studied in developed markets, its adoption among Small, Medium, and Micro Enterprises (SMMEs) in emerging economies remains underexplored (Mbatha, 2024; Naidoo, 2018). South Africa, with its growing e-commerce sector and unique socio-economic challenges, provides an ideal context to examine the factors influencing BNPL adoption (International Labour Organization, 2015).

This study draws upon the Unified Theory of Acceptance and Use of Technology (UTAUT) framework to explore the behavioural intention of South African SMMEs to adopt BNPL financing. Specifically, the research investigates the roles of performance expectancy, effort expectancy, and social influence, while also considering the moderating effects of demographic variables such as age, gender, and experience. While alternative models such as the Technology Acceptance Model (TAM) and the Diffusion of Innovation (DOI) theory were considered, UTAUT was selected for its integrative nature and proven ability to account for a broader range of user acceptance determinants in organizational and technological contexts (Venkatesh, Morris, Davis, & Davis, 2003). By addressing these dimensions, the study aims to provide actionable insights that contribute to the academic discourse on technology adoption and support the growth of SMMEs within the digital economy.

## 1.2 Background

The rapid growth of digital technologies has fundamentally transformed the global business landscape, offering new opportunities for SMMEs to access financial solutions that were previously unavailable. BNPL financing has emerged as a disruptive financial tool, enabling businesses to defer payments while managing cash flow more effectively. In South Africa, where SMMEs contribute significantly to employment and economic growth, access to innovative financial solutions like BNPL is critical for fostering resilience and competitiveness in the SMME sector of the economy (Fatoki, 2014; International Labour Organization, 2015).

However, the adoption of BNPL financing among South African SMMEs remains relatively low, constrained by challenges such as limited digital literacy, uneven access to infrastructure, and socio-economic disparities (Mbatha, 2024). Moreover, the collective decision-making processes that dominate in South African business contexts introduce unique dynamics that influence technology adoption, including the roles of peer influence and industry norms (Magida & Pieterse, 2023). Despite these challenges, younger entrepreneurs and those with higher comfort levels in technology present promising opportunities for expanding BNPL usage.

The Unified Theory of Acceptance and Use of Technology (UTAUT) provides a robust theoretical framework for analysing the factors influencing BNPL adoption. Developed by Venkatesh et al. (2003), the UTAUT emphasizes the roles of performance expectancy, effort expectancy, and social influence in shaping behavioural intention. By applying this framework, this study seeks to fill the gap in understanding the behavioural dynamics of BNPL adoption in South African SMMEs, offering insights into how these factors can be leveraged to promote inclusive digital transformation.

### **1.3 Research Problem**

Despite the growing adoption of BNPL technologies globally, their uptake among Small, Medium, and Micro Enterprises (SMMEs) in South Africa remains limited. This is particularly concerning given the critical role SMMEs play in the country's economy, accounting for a significant share of employment and GDP contributions (International Labour Organization, 2015). South African SMMEs face unique challenges, including limited access to affordable financing, uneven infrastructure development, and a digital divide that disproportionately affects rural and under-resourced areas (Mbatha, 2024).

Current research on BNPL adoption predominantly focuses on developed markets with advanced digital ecosystems, leaving a notable gap in understanding its adoption dynamics in emerging economies such as South Africa. Specifically, there is limited empirical evidence on how performance expectancy, effort expectancy, and social influence, which are key constructs of the Unified Theory of Acceptance and Use of Technology (UTAUT), influence the behavioural intention of South African SMMEs to adopt BNPL financing (Magida & Pieterse, 2023). Moreover, demographic factors such as age, gender, and experience, which are known to moderate technology adoption behaviours, have not been adequately studied in this context (Rahi, Ghani, Alnaser, & Ngah, 2018).

Addressing this gap is essential, as BNPL technologies have the potential to enhance financial inclusion, improve cash flow management, and strengthen the resilience of SMMEs in South Africa's competitive retail sector (Fatoki, 2014). This study seeks to provide a nuanced understanding of the factors influencing BNPL adoption, contributing to the broader discourse on fintech solutions and their role in advancing the digital economy in emerging markets.

## **1.4 Research Objectives and Questions**

### ***1.4.1 Primary Objective***

The primary objective of this study is to explore the factors influencing the adoption of Buy-Now-Pay-Later (BNPL) financing among South African Small, Medium, and Micro Enterprises (SMMEs). Specifically, the study examines how performance expectancy, effort expectancy, and social influence shape behavioural intention to adopt BNPL technologies. Additionally, the study investigates the moderating effects of demographic factors such as age, gender, and experience to provide a nuanced understanding of adoption dynamics.

### ***1.4.2 Research Questions***

To achieve the primary objective, the following research questions are addressed:

1. To what extent does performance expectancy influence the behavioural intention to adopt BNPL financing?
2. To what extent does effort expectancy influence the behavioural intention to adopt BNPL financing?
3. To what extent does social influence affect the behavioural intention to adopt BNPL financing?
4. To what extent do demographic factors (age, gender, experience) moderate the relationships between performance expectancy, effort expectancy, social influence, and the behavioural intention to adopt BNPL financing?

### ***1.4.3 Research Sub-Objectives***

In alignment with the research questions, the study pursues the following sub-objectives:

1. To assess the influence of performance expectancy on behavioural intention to adopt BNPL financing.
2. To assess the effect of effort expectancy on behavioural intention to adopt BNPL financing.
3. To assess the impact of social influence on behavioural intention to adopt BNPL financing.
4. To assess the moderating effects of age, gender, and experience on the relationship between the three UTAUT constructs and behavioural intention.

## **1.5 Rationale**

The rationale for this study stems from the significant role SMMEs play in South Africa's economy and the critical need for financial technologies to enhance their operational efficiency and sustainability. SMMEs account for a substantial portion of employment and GDP in South Africa but face persistent challenges such as limited access to financing, inefficient cash flow management, and barriers to digital transformation (Fatoki, 2014; International Labour Organization, 2015). BNPL financing offers a promising solution by enabling flexible payment options, which can alleviate financial constraints and support business growth.

Despite these potential benefits, empirical research on BNPL adoption among SMMEs in South Africa is scarce. Existing studies predominantly focus on developed markets, overlooking the unique socio-economic, infrastructural, and cultural dynamics that shape technology adoption in emerging economies (Magida and Pieterse, 2023; Mbatha, 2024). Additionally, previous research has not extensively addressed how factors such as performance expectancy, effort expectancy, and social influence, which are key constructs of the Unified Theory of Acceptance and Use of Technology (UTAUT), influence behavioural intention within this context (Venkatesh et al., 2003).

This study seeks to explore these gaps by providing a nuanced understanding of BNPL adoption dynamics among South African SMMEs. By examining the

moderating effects of demographic variables such as age, gender, and experience, the research further contributes to the literature by highlighting how diverse user profiles impact technology acceptance. These insights are vital for policymakers, BNPL providers, and industry practitioners seeking to promote inclusive digital transformation and financial inclusion in South Africa's SMME sector.

## **1.6 Significance of the Study**

### ***1.6.1 For Policymakers***

The findings of this study can inform the development of policies aimed at supporting SMMEs in adopting innovative financial solutions. Policymakers can use these insights to bridge the digital divide, promote digital literacy, and address structural barriers that hinder technology adoption, particularly in under-resourced and rural areas (Mbatha, 2024). Incentivizing BNPL adoption through subsidies or tax benefits can further encourage uptake, supporting economic growth and resilience among SMMEs (Fatoki, 2014). Additionally, targeted interventions can help enhance access to infrastructure, creating an enabling environment for digital transformation (International Labour Organization, 2015).

### ***1.6.2 For BNPL Providers***

The research provides valuable insights for BNPL providers seeking to tailor their offerings to the needs of South African SMMEs. By understanding the roles of performance expectancy, effort expectancy, and social influence, providers can design user-friendly platforms and marketing strategies that emphasize the tangible benefits of BNPL (Venkatesh et al., 2003). Engaging with industry leaders and networks can enhance credibility and adoption by leveraging peer influence, which has been shown to significantly impact behavioural intention (Magida & Pieterse, 2023).

### ***1.6.3 For Industry Practitioners***

This study highlights practical strategies for SMMEs and industry practitioners to leverage BNPL technologies as tools for improving cash flow, customer satisfaction, and overall business efficiency (Gerrans, Baur, & Lavagna-Slater, 2022). The research emphasizes the importance of usability and peer validation in driving adoption, providing actionable recommendations for integrating BNPL into existing business models. Simplifying onboarding processes and offering tailored training programs can further enable SMMEs to maximize the benefits of BNPL adoption (Andrade, de Sena Abrahão, & Moriguchi, 2016).

### ***1.6.4 For Academic Contribution***

The study contributes to the academic discourse on financial technology adoption by exploring gaps in the literature related to emerging markets. It validates the applicability of the Unified Theory of Acceptance and Use of Technology (UTAUT) in the South African context, expanding the framework's relevance (Venkatesh et al., 2003). Furthermore, by examining the moderating effects of demographic factors such as age, gender, and experience, the research provides a nuanced understanding of how individual and contextual variables shape technology adoption behaviours (Rahi, Ghani, Alnaser, & Ngah, 2018).

## **1.7 Delimitations of the Study**

To ensure a focused and manageable scope, this study establishes the following delimitations, specifying its boundaries and areas of emphasis:

### ***1.7.1 Geographical Focus***

The study concentrates on Small, Medium, and Micro Enterprises (SMMEs) operating in South Africa. It does not extend to SMMEs in other regions or countries. This geographical focus provides context-specific insights into BNPL

adoption dynamics, acknowledging that findings may not be generalizable to other economies (Mbatha, 2024).

### ***1.7.2 Sectoral Focus***

The research focuses exclusively on SMMEs in South Africa. This narrow scope allows for an in-depth examination of South Africa specific adoption behaviours, particularly relevant for BNPL financing due to its dependence on customer purchasing patterns and cash flow management (Ndayizigamiye, 2013).

### ***1.7.3 Organizational Type***

The study is limited to SMMEs and excludes larger enterprises or multinational corporations. By focusing on smaller businesses, the research addresses the unique challenges faced by resource-constrained SMMEs, such as limited access to financing and digital literacy barriers (Fatoki, 2014).

### ***1.7.4 Conceptual Focus***

This study examines the adoption of Buy-Now-Pay-Later (BNPL) financing exclusively and does not investigate other digital payment systems or financial technologies. This conceptual delimitation enables a focused analysis of BNPL adoption behaviours and the factors influencing behavioural intention (Gerrans, Baur, & Lavagna-Slater, 2022).

### ***1.7.5 Theoretical Framework***

The research employs the Unified Theory of Acceptance and Use of Technology (UTAUT) as the theoretical lens to investigate BNPL adoption. Alternative frameworks are not explored, ensuring an in-depth analysis of UTAUT constructs—performance expectancy, effort expectancy, and social influence—within the South African context (Venkatesh, Morris, Davis, & Davis, 2003).

### ***1.7.6 Methodological Scope***

The study adopts a quantitative research methodology, using survey data for analysis. Qualitative methods, such as interviews or focus groups, are excluded. This approach ensures consistency in data collection and enables statistical evaluation of the relationships among variables (Hair, Hult, Ringle, & Sarstedt, 2019).

### ***1.7.7 Temporal Scope***

The study focuses on the current adoption of BNPL financing and does not consider historical trends or future projections beyond the study period. This ensures that findings are aligned with contemporary market dynamics and remain practically relevant (Mbatha, 2024).

## **1.8 Definition of Terms**

To ensure clarity and consistency throughout this research, the following key terms are defined:

### ***1.8.1 Buy-Now-Pay-Later (BNPL) Financing***

A payment method that allows consumers to make purchases and defer payment to a later date, often without interest or fees. BNPL enhances purchasing flexibility for consumers while supporting businesses in improving cash flow and customer retention (Modi, 2022).

### ***1.8.2 behavioural Intention***

The degree to which an individual is inclined or motivated to engage in a specific behaviour, such as adopting a new technology or payment method. behavioural intention is a core predictor of actual technology use within the Unified Theory of

Acceptance and Use of Technology (UTAUT) framework (Venkatesh, Morris, Davis, & Davis, 2003).

### ***1.8.3 Performance Expectancy***

The perceived benefits or usefulness that individuals associate with using a particular technology or system, such as BNPL financing, in achieving specific goals or outcomes. Higher performance expectancy is linked to stronger behavioural intention (Venkatesh et al., 2003).

### ***1.8.4 Effort Expectancy***

The perceived ease of use or simplicity associated with using a particular technology or system, such as BNPL financing, in completing tasks or transactions. Effort expectancy impacts user adoption by reducing perceived barriers to entry (Venkatesh et al., 2003).

### ***1.8.5 Social Influence***

The impact of social factors, including peer recommendations, societal norms, or endorsements from influencers, on an individual's decision-making process regarding technology adoption or behaviour. Social influence is a critical driver of behavioural intention in contexts where peer validation is important (Venkatesh et al., 2003).

### ***1.8.6 Small, Medium, and Micro Enterprises (SMMEs)***

Businesses characterized by their small size in terms of the number of employees, annual turnover, or assets. SMMEs include sole proprietorships, partnerships, and privately owned corporations. They represent a vital component of the South African economy, driving employment and innovation (Ndayizigamiye, 2013).

### ***1.8.7 Unified Theory of Acceptance and Use of Technology (UTAUT)***

A theoretical framework that integrates multiple factors influencing individuals' acceptance and use of technology, including performance expectancy, effort expectancy, social influence, facilitating conditions, and individual characteristics such as age, gender, and experience (Venkatesh et al., 2003).

## **1.9 Assumptions**

The following assumptions underpin this study, ensuring a structured approach to investigating the adoption of Buy-Now-Pay-Later (BNPL) financing among South African Small, Medium, and Micro Enterprises (SMMEs):

### ***1.9.1 Standard Perspectives and Experiences***

It is assumed that respondents' perspectives and experiences regarding BNPL adoption reflect typical behaviours and attitudes of South African SMMEs. While individual variations may exist, these responses are considered representative of broader trends and practices (Venkatesh, Morris, Davis, & Davis, 2003).

### ***1.9.2 Reasonableness of Participants' Responses***

Participants are assumed to provide accurate and honest responses to survey questions about their perceptions, attitudes, and intentions related to BNPL financing. This assumption is critical for ensuring the validity and reliability of the findings (Venkatesh et al., 2003).

### ***1.9.3 Applicability of UTAUT Framework***

The research assumes that the Unified Theory of Acceptance and Use of Technology (UTAUT) framework is suitable for understanding BNPL adoption behaviours among South African SMMEs. The framework's constructs—

performance expectancy, effort expectancy, and social influence—are assumed to adequately capture the factors influencing behavioural intention in this context (Venkatesh et al., 2003).

#### ***1.9.4 Validity of Quantitative Data***

The study assumes that the quantitative data collected through structured surveys accurately capture participants' perceptions and attitudes toward BNPL financing. Ensuring high data validity is essential for deriving actionable insights from the research (Hair, Hult, Ringle, & Sarstedt, 2019).

#### ***1.9.5 Influence of External Factors***

It is assumed that external factors such as economic conditions, technological infrastructure, and regulatory frameworks may influence BNPL adoption behaviours. While these factors are acknowledged, the study focuses on individual and organizational determinants within the theoretical framework (Venkatesh et al., 2003).

#### ***1.9.6 Consistency in Participant Understanding***

The research assumes that participants have sufficient understanding of BNPL financing and its relevance to their business operations to provide meaningful responses. Efforts were made to clarify key concepts in the survey to mitigate misunderstandings (Venkatesh et al., 2003).

#### ***1.9.7 Ethical Compliance***

It is assumed that all participants voluntarily consent to the study and that their responses are collected with full adherence to ethical standards. This includes safeguarding participants' privacy and confidentiality throughout the research process (Guba & Lincoln, 1994).

### **1.9.8 Neutrality of Survey Instruments**

The structured questionnaire is assumed to be neutral and unbiased, enabling participants to express their views objectively. Efforts were made to design clear and unambiguous survey questions that align with the research objectives (Hair, Black, Babin, & Anderson, 2019).

## **1.10 Structure of the Research Report**

The research report is organized into six chapters, each contributing to a systematic exploration of the adoption of Buy-Now-Pay-Later (BNPL) financing among South African Small, Medium, and Micro Enterprises (SMMEs). Table 1.1 summarizes the structure of the research report and provides a brief overview of each chapter's content.

**Table 1.1 Dissertation Structure**

| <b>Chapter Number</b> | <b>Title</b>      | <b>Brief Summary</b>                                                                                                                                                                                                                                                                             |
|-----------------------|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                     | Introduction      | This chapter introduces the research, presenting its context, the problem statement, research objectives and questions, the significance of the study, delimitations, assumptions, and key definitions. It establishes the foundation for the research and outlines the structure of the report. |
| 2                     | Literature Review | This chapter critically reviews existing literature on BNPL financing and technology adoption. It discusses the global, regional, and South African perspectives on financial technology adoption, focusing on performance expectancy,                                                           |

|   |                                 |                                                                                                                                                                                                                                                                                                                            |
|---|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|   |                                 | effort expectancy, social influence, and demographic moderators.                                                                                                                                                                                                                                                           |
| 3 | Research Methodology            | This chapter outlines the research design, philosophy, and methodological approach. It explains the quantitative research strategy, sampling techniques, data collection procedures, and analytical methods, including structural equation modelling (SEM). Ethical considerations are also discussed.                     |
| 4 | Results and Analysis            | This chapter presents the findings from the data analysis, including demographic insights, measurement model validation, and structural model results. The chapter evaluates the hypotheses and explores the relationships between key constructs such as performance expectancy, effort expectancy, and social influence. |
| 5 | Discussion of Findings          | This chapter interprets the results within the context of the theoretical framework and existing literature. It discusses the implications of the findings for BNPL adoption, linking them to the research objectives and identifying contributions to theory and practice.                                                |
| 6 | Conclusions and Recommendations | The final chapter synthesizes the findings, providing answers to the research questions. It outlines practical recommendations for policymakers, BNPL providers, and industry practitioners, highlights the study's limitations, and suggests directions for future research.                                              |

## **1.11 Conclusion**

This chapter has provided a comprehensive introduction to the study, outlining its context, objectives, and significance. The chapter began by exploring the background of Buy-Now-Pay-Later (BNPL) financing and its potential to address the financial and operational challenges faced by South African Small, Medium, and Micro Enterprises (SMMEs). The problem statement highlighted the gaps in understanding the adoption dynamics of BNPL in emerging markets, particularly in South Africa.

The chapter articulated the study's primary objective and research questions, which aim to investigate the roles of performance expectancy, effort expectancy, and social influence, along with demographic moderators such as age, gender, and experience, in shaping behavioural intention to adopt BNPL financing. The rationale and significance sections emphasized the practical and theoretical contributions of the study, particularly in promoting digital transformation and financial inclusion among SMMEs.

Furthermore, the delimitations, definitions of key terms, and assumptions provided a structured foundation for the research, ensuring clarity and focus throughout the investigation. The chapter concluded with an outline of the research report's structure, offering a roadmap for the chapters that follow.

By addressing these foundational elements, the groundwork for a systematic exploration of BNPL adoption among South African SMMEs was established, setting the stage for the critical review of literature in the next chapter.

## **CHAPTER 2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

### **2.1 Introduction**

This literature review provides an in-depth exploration of the factors influencing the adoption of Buy-Now-Pay-Later (BNPL) financing among South African Small, Medium, and Micro Enterprises (SMMEs). SMMEs play a crucial role in economic development, contributing to job creation, innovation, and GDP growth (Department of Small Business Development [DSBD], 2023). However, these businesses often encounter significant financial constraints, regulatory challenges, and limited access to credit, making alternative financing models such as BNPL particularly relevant in addressing liquidity challenges (SME South Africa, 2023).

BNPL offers a short-term, flexible financing mechanism that allows businesses to acquire inventory, manage operational expenses, and enhance cash flow without relying on traditional credit sources (Gerrans, Baur, & Lavagna-Slater, 2022). Unlike conventional loans, BNPL enables deferred payments with minimal interest obligations, reducing immediate financial pressure on small enterprises (Day & Gomersall, 2023). While BNPL has gained traction as a consumer financing tool, its adoption within the SMME sector remains underexplored, necessitating a deeper examination of its impact on financial inclusion and business sustainability (Magida & Pieterse, 2023).

This review situates BNPL adoption within the broader landscape of digital transformation and fintech expansion among South African SMMEs. The rise of e-commerce, increasing smartphone penetration, and growing demand for digital payment solutions have accelerated the adoption of fintech-driven financing models (Ndlovu, 2023). However, the digital divide remains a major barrier to financial inclusion, particularly for businesses operating in rural and underserved areas (Mbatha, 2024). By evaluating BNPL's potential as a financial enabler, this

review examines whether it can bridge liquidity gaps, foster customer retention, and support long-term financial resilience among SMMEs (Ramsern & Govender Baxodirovna, 2023).

To provide a structured analytical perspective, this study employs the Unified Theory of Acceptance and Use of Technology (UTAUT) framework. This model identifies key determinants of BNPL adoption, including Performance Expectancy (the perceived benefits for business growth and profitability), Effort Expectancy (the ease of integrating BNPL solutions into business operations), and Social Influence (the role of peer recommendations, industry norms, and customer demand in shaping adoption decisions) (Venkatesh, Morris, Davis, & Davis, 2003). Previous research suggests that businesses are more likely to adopt BNPL when they anticipate significant financial and operational benefits, particularly in improving cash flow cycles and encouraging repeat purchases (Magida & Pieterse, 2023). These theoretical insights serve as a foundation for the study's empirical investigation, providing a systematic approach to understanding BNPL's role in enhancing SMME sustainability and competitiveness (Gerrans et al., 2022).

By positioning BNPL as a strategic financial tool, this literature review contributes valuable insights for entrepreneurs, policymakers, and financial service providers. The following sections explore the financial challenges faced by SMMEs, examine alternative credit strategies, and assess the implications of digital payment adoption. This discussion ultimately contextualizes BNPL within the evolving financial landscape of South African small businesses (SME South Africa, 2023).

## **2.2 Definition of the Topic and Background Discussion**

The emergence of Buy-Now-Pay-Later (BNPL) financing represents a transformative shift in how businesses and consumers access short-term credit. BNPL is a deferred payment model that allows enterprises to acquire goods and

services while postponing payments over a predetermined period, often without requiring upfront collateral or high-interest obligations (Gerrans, Baur, & Lavagna-Slater, 2022). Unlike traditional credit facilities, BNPL integrates seamlessly with digital commerce and fintech ecosystems, enabling businesses to manage liquidity, optimize working capital, and enhance purchasing power (Magida & Pieterse, 2023). Its flexible repayment structures and simplified approval processes differentiate BNPL from conventional bank loans, positioning it as a strategic financial tool for businesses operating in cash-constrained environments (Day & Gomersall, 2023).

The adoption of BNPL among Small, Medium, and Micro Enterprises (SMMEs) has gained prominence in South Africa, where access to formal credit remains a significant challenge for many businesses. The country's SMME sector plays a vital role in economic development, contributing to employment creation, entrepreneurship, and innovation (DSBD, 2023). However, financial constraints, regulatory bottlenecks, and capital shortages continue to hinder the growth and sustainability of these enterprises. Given these challenges, BNPL has the potential to bridge financial gaps, expand credit accessibility, and support business resilience (SME South Africa, 2023).

Despite its advantages, BNPL remains underutilized and understudied within the South African SMME sector. Limited empirical research has examined the factors influencing its adoption, associated risks, and long-term implications as an alternative financing tool. To provide context, the significance of SMMEs in South Africa's economy, the financial challenges they face, and how BNPL could help address these constraints are explored.

### ***2.2.1 The Role and Significance of SMMEs in South Africa's Economy***

Small, Medium, and Micro Enterprises (SMMEs) form the backbone of South Africa's economy, playing a pivotal role in job creation, entrepreneurship, and GDP contribution (DSBD, 2023). These businesses operate across various

sectors, including manufacturing, retail, services, and digital commerce, fostering economic resilience and innovation. However, despite their significance, SMMEs face persistent challenges that hinder their growth and sustainability, particularly in accessing financial resources.

The National Small Business Act (102 of 1996) provides a formal classification of SMMEs based on employee size, turnover, and industry sector (DSBD, 2023). Micro enterprises, typically the smallest category, employ fewer than ten individuals and generate an annual turnover of less than R1 million. Small enterprises, which have slightly larger operations, employ between eleven and fifty employees with an annual turnover between R1 million and R50 million. Medium enterprises, the largest within the SMME category, have a workforce ranging from fifty-one to two hundred and fifty employees, with annual turnover reaching up to R220 million, depending on the industry (Vacu-Nggila & Ho, 2023).

Despite their vast economic contributions, SMMEs often encounter financial constraints that limit their ability to expand operations and sustain business growth. Traditional financing options, such as bank loans and credit lines, generally require collateral, extensive financial documentation, and strong credit histories, making them inaccessible to a large portion of small businesses (SME South Africa, 2023). Consequently, many entrepreneurs turn to alternative financing mechanisms such as Buy-Now-Pay-Later (BNPL) to manage working capital, enhance liquidity, and sustain daily operations (Day & Gomersall, 2023).

As South Africa undergoes rapid digital transformation, SMMEs are increasingly leveraging fintech-driven financial solutions to remain competitive (RMB, 2023). BNPL aligns with this shift by offering flexible credit solutions that enable businesses to procure inventory, invest in growth initiatives, and provide customers with accessible payment options without requiring immediate full payment (BizCommunity, 2023). This financing model allows businesses to spread repayment over manageable periods, alleviating cash flow pressures and supporting financial planning (The Small Business Site, 2023).

Given these evolving financial dynamics, BNPL presents an opportunity for SMMEs to address key liquidity challenges, improve profitability, and strengthen customer relationships through seamless, frictionless payment transactions (Ndlovu, 2023). The next section delves into the structural challenges SMMEs face, particularly financial constraints, regulatory burdens, and digital disparities, and explores how BNPL could serve as a strategic response to these barriers.

### ***2.2.2 SMMEs in South Africa: A Tale of Growth Amidst Challenges***

While SMMEs drive economic development in South Africa, their growth trajectory remains fraught with challenges that limit their ability to scale, sustain operations, and compete in an increasingly digital and globalized marketplace. Persistent financial constraints, complex regulatory frameworks, and disparities in digital infrastructure continue to shape the operational realities of these enterprises. These barriers not only restrict access to capital but also influence the adoption of innovative financial solutions such as Buy-Now-Pay-Later (BNPL), which has emerged as a viable alternative to traditional credit facilities.

Among the most pressing concerns for SMMEs is financial accessibility. Many businesses struggle to secure credit due to the stringent lending requirements imposed by commercial banks and traditional financial institutions (SME South Africa, 2023). Collateral security, extensive financial records, and high creditworthiness standards often create obstacles for small enterprises, particularly those that lack an established banking history (DSBD, 2023). As a result, a significant portion of SMMEs remains either unbanked or underbanked, forcing them to rely on informal lending mechanisms, which are often unsustainable (Cowling, 2025). Within this context, BNPL offers a lifeline by providing short-term liquidity solutions without the rigid requirements of conventional loans. Businesses leveraging BNPL can procure inventory, maintain operational stability, and settle supplier payments without the immediate burden of upfront capital (Day & Gomersall, 2023).

Beyond financial limitations, regulatory burdens present another significant challenge. The complexity of tax regulations, compliance requirements, and financial reporting obligations disproportionately impacts small businesses, many of which operate with limited administrative capacity (DSBD, 2023). While regulatory frameworks play a critical role in maintaining economic stability, they also create barriers that hinder SMMEs from accessing formal credit and digital financial solutions such as BNPL (The Small Business Site, 2023). Furthermore, compliance concerns extend to BNPL providers, who must adhere to responsible lending standards, consumer protection laws, and credit agreement regulations to mitigate the risks of over-indebtedness and credit misuse (Banking Association of South Africa, 2023).

Compounding these challenges is the digital divide, which continues to shape financial inclusion disparities across South Africa's business landscape. Although the rapid expansion of e-commerce and digital payment platforms has driven fintech adoption, many SMMEs operating in rural and underserved areas remain excluded from these advancements (Mbatha, 2024). Limited access to high-speed internet, inadequate digital infrastructure, and a lack of fintech literacy prevent many entrepreneurs from integrating digital finance solutions into their business models (Ramsern & Govender Baxodirovna, 2023). Recent data highlights the extent of this divide—while 85.96% of surveyed SMMEs operate in urban areas with established digital ecosystems, only 5.26% represent rural businesses, reflecting stark disparities in access to fintech-driven credit solutions (Ndlovu, 2023). Without targeted interventions to improve digital accessibility, these businesses risk being left behind in South Africa's evolving financial landscape.

As BNPL adoption gains momentum, achieving a balance between supply-side innovations and demand-side adoption is crucial. BNPL providers play a key role in ensuring that their financial products are accessible, inclusive, and tailored to the needs of small businesses (Day & Gomersall, 2023). At the same time, entrepreneurs must develop the financial acumen necessary to integrate these

solutions strategically, treating them as tools for growth rather than temporary fixes for cash flow constraints. Understanding how supply and demand forces intersect in BNPL adoption offers critical insights into the evolving financial landscape for SMMEs in South Africa.

### ***2.2.3 Supply-Side Considerations: The Role of BNPL Providers in Enabling SMME Growth***

As Small, Medium, and Micro Enterprises (SMMEs) in South Africa continue to face financial constraints and capital shortages, the role of financial service providers in shaping alternative financing solutions has become increasingly significant. Buy-Now-Pay-Later (BNPL) providers, in particular, have emerged as key enablers of financial accessibility by offering credit solutions designed to accommodate the unique needs of small businesses. The extent to which these providers structure BNPL services to align with the realities of SMMEs—characterized by fluctuating cash flows, seasonal revenue cycles, and limited credit histories—determines the viability of BNPL as a financial tool.

#### ***2.2.3.1 BNPL as an Alternative to Traditional Credit***

Commercial banks and financial institutions often impose strict lending conditions that include collateral requirements, high credit scores, and extensive financial documentation. Many small businesses struggle to meet these conditions, which leaves a significant portion of SMMEs without access to formal credit (DSBD, 2023). These restrictions have created a demand for alternative and flexible credit options. BNPL providers have responded to this gap by offering financing models that do not require substantial collateral and allow businesses to make short-term, interest-free payments over a structured period (Day & Gomersall, 2023). This model has been particularly beneficial for businesses that need working capital for inventory procurement, supplier payments, and operational stability without the burden of long-term debt commitments (Ndlovu, 2023).

### ***2.2.3.2 Fintech Innovations and BNPL Scalability***

The expansion of financial technology has contributed significantly to BNPL's accessibility. Advancements in artificial intelligence, big data analytics, and machine learning have enabled BNPL providers to assess creditworthiness using alternative data sources, such as transaction histories and behavioural analytics, rather than relying solely on traditional credit scores (SME South Africa, 2023). This innovation has expanded financial inclusion, making it possible for micro and informal enterprises to access credit through digital platforms (RMB, 2023).

Projections indicate that South Africa's e-commerce market is expected to grow to R225 billion within the next five years. This anticipated growth suggests that demand for digital payment solutions, including BNPL, will continue to rise (RMB, 2023). As more businesses transition to online sales platforms, BNPL providers are in a strong position to capture a significant share of the SME financing market by integrating digital credit solutions into e-commerce ecosystems (The Small Business Site, 2023).

### ***2.2.3.3 Managing Default Risks and Ensuring Responsible Lending***

Although BNPL offers numerous advantages, providers must also address the risk of default, which remains a significant concern. Small businesses with unpredictable revenue cycles may encounter difficulties in meeting repayment obligations, leading to financial strain and potential credit delinquencies (BizCommunity, 2023). Unlike traditional lenders, BNPL providers often operate outside the scope of stringent financial regulations, which raises concerns about excessive credit issuance and over-indebtedness (Banking Association of South Africa, 2023).

To address these risks, BNPL providers have adopted responsible lending frameworks that include credit risk assessments, structured repayment plans, and financial education initiatives. The integration of artificial intelligence-driven credit evaluation models has allowed providers to assess an applicant's

repayment capacity more accurately. These models help set appropriate credit limits, ensuring that businesses do not take on more debt than they can manage (Zhang & Chen, 2022). Additionally, financial literacy programs can help SMMEs make informed credit decisions and avoid the misuse of BNPL as a short-term financial fix rather than a sustainable financing tool (SME South Africa, 2023).

#### ***2.2.3.4 Regulatory Compliance and Market Stability***

As BNPL adoption increases, regulatory bodies in South Africa are expected to implement compliance measures to ensure consumer protection and responsible lending. Financial regulations already require BNPL providers to comply with industry standards related to credit agreements, lending transparency, and consumer rights (DSBD, 2023). However, concerns remain about the extent of regulatory oversight, particularly for fintech-driven BNPL platforms that do not operate within traditional banking frameworks (Banking Association of South Africa, 2023).

A well-balanced regulatory approach is necessary to support innovation while maintaining financial stability. Policies that promote responsible lending while fostering fintech growth will be crucial for sustaining BNPL's role as a financial enabler for SMMEs. BNPL providers that integrate compliance measures such as automated credit assessments, transparent fee structures, and fraud detection mechanisms are likely to gain greater trust and wider adoption among businesses (Day & Gomersall, 2023).

Understanding how BNPL providers shape financial accessibility for SMMEs is only one part of the equation. Equally important is how businesses perceive and utilize these financing tools to enhance sustainability and long-term growth. The following section explores demand-side considerations, focusing on how SMMEs integrate BNPL into their financial strategies and the factors that influence its adoption.

#### ***2.2.4 Demand-Side Considerations: The Adoption of BNPL by SMMEs for Growth and Sustainability***

The decision to adopt Buy-Now-Pay-Later (BNPL) financing is influenced by multiple factors, ranging from financial necessity to perceived convenience and market competitiveness. While BNPL providers play a crucial role in shaping access to alternative credit solutions, the extent to which SMMEs integrate these services into their business models depends on their financial realities, operational constraints, and strategic priorities. Understanding how businesses perceive and utilize BNPL financing offers critical insights into its role in fostering growth, improving liquidity, and enhancing customer retention.

##### **2.2.4.1 BNPL as a Cash Flow Management Tool**

One of the most compelling reasons for SMME adoption of BNPL is its ability to improve cash flow flexibility. Many small businesses face liquidity challenges due to delayed customer payments, seasonal revenue fluctuations, and rising operational costs (SME South Africa, 2023). These financial pressures often result in constrained working capital, limiting a business's ability to sustain daily operations and invest in expansion initiatives. BNPL addresses this issue by allowing enterprises to acquire inventory, pay suppliers, and cover essential expenses without requiring immediate capital outlays (Day & Gomersall, 2023).

Empirical findings suggest that businesses utilizing BNPL experience improved financial stability. Deferred payment structures enable businesses to spread financial obligations over time, allowing them to manage operational costs without disrupting cash flow cycles (Ndlovu, 2023). This model is particularly attractive to businesses in the retail and e-commerce sectors, where BNPL not only facilitates operational stability but also provides an avenue for increasing sales volumes through flexible consumer payment options (BizCommunity, 2023).

#### ***2.2.4.2 Integration of BNPL into Business Operations***

Beyond financial relief, SMMEs are drawn to BNPL due to its ease of integration with digital payment ecosystems. The ability to seamlessly incorporate BNPL into existing sales and payment platforms enhances its appeal, as businesses can offer customers flexible instalment plans while maintaining predictable cash inflows from BNPL providers (RMB, 2023).

The fintech-driven nature of BNPL ensures that approval processes are faster and less bureaucratic than traditional bank loans. Unlike conventional financing, which often requires complex documentation and lengthy approval periods, BNPL provides businesses with quick access to credit, thereby reducing administrative burdens (DSBD, 2023). Digital onboarding and automated transaction processing further contribute to BNPL's attractiveness among small businesses with limited financial management capacity (SME South Africa, 2023).

#### ***2.2.4.3 Challenges and Risks Associated with BNPL Adoption***

Despite its advantages, BNPL adoption is not without challenges. One of the primary concerns among SMMEs is the risk of accumulating unsustainable debt. While BNPL offers short-term liquidity relief, businesses that fail to align repayment schedules with revenue cycles may experience financial strain (Zhang & Chen, 2022). In particular, SMMEs operating in low-margin industries or experiencing unpredictable cash flows face higher risks of overextending credit obligations.

Concerns over hidden costs, penalties for late payments, and long-term financial commitments have also been raised by small business owners (Aryani et al., 2022). Although BNPL is often marketed as an interest-free financing model, some providers impose service fees and penalties that can accumulate over time, increasing the overall cost of credit. Transparent lending terms and structured

repayment policies are therefore crucial in mitigating financial risks associated with BNPL adoption (Banking Association of South Africa, 2023).

Additionally, financial literacy gaps present another significant challenge. Many entrepreneurs lack the necessary knowledge to manage credit responsibly, which increases the likelihood of misusing BNPL as a temporary cash flow fix rather than a strategic financial tool (Magida & Pieterse, 2023). Research suggests that targeted financial education programs, mentorship initiatives, and digital training workshops could help address this knowledge gap, ensuring that BNPL remains an accessible and beneficial financing solution for SMMEs at different levels of financial experience (DSBD, 2023).

#### ***2.2.4.4 Digital Divide and BNPL Accessibility***

The digital divide continues to shape BNPL adoption, particularly in rural and underserved communities. Findings indicate that 85.96% of surveyed SMMEs operate in urban centers, where access to high-speed internet and fintech platforms is more prevalent, whereas only 5.26% of businesses represent rural entrepreneurs, reflecting disparities in digital accessibility (Ramsern & Govender Baxodirovna, 2023). Businesses without reliable internet infrastructure or fintech literacy remain largely excluded from the benefits of digital credit solutions, reinforcing financial exclusion (Ndlovu, 2023).

To address these accessibility barriers, policymakers and fintech providers must invest in initiatives that promote broadband expansion, subsidized fintech adoption, and targeted digital training. Digital literacy programs tailored for small business owners, particularly those in underserved regions, could significantly enhance BNPL adoption rates and ensure that financial inclusion objectives are met (DSBD, 2023). Additionally, BNPL providers could simplify onboarding processes, introduce multilingual user interfaces, and offer step-by-step financial training modules to help non-tech-savvy entrepreneurs integrate BNPL into their business operations (Day & Gomersall, 2023).

#### ***2.2.4.5 Social Influence and BNPL Adoption***

Another factor shaping demand-side adoption is peer influence and industry perception. Findings suggest that social influence plays a significant role in BNPL adoption, as businesses are more likely to integrate BNPL when they observe competitors, suppliers, or industry leaders endorsing its use (Ndlovu, 2023). Entrepreneurs who perceive BNPL as a widely accepted financial tool within their sector are more inclined to adopt it, reinforcing the role of business networks, trade associations, and customer demand in shaping financial decisions (Ghobakhloo, Hong, Sabouri, & Zulkifli, 2011).

BNPL adoption trends indicate that industries with higher consumer engagement and competitive pricing strategies, such as retail, hospitality, and e-commerce, have seen the most significant uptake (Day & Gomersall, 2023). However, businesses in traditional sectors with less reliance on digital sales channels have been slower to adopt BNPL due to lower awareness and perceived relevance (SME South Africa, 2023).

#### ***2.2.4.6 Ensuring Sustainable BNPL Adoption***

For BNPL to remain a sustainable financing solution, businesses must take a measured approach to credit usage. While BNPL offers clear benefits in terms of liquidity management and sales growth, entrepreneurs must align repayment commitments with their financial realities to avoid financial distress (Zhang & Chen, 2022). Policymakers and financial service providers must also support initiatives that enhance financial literacy, regulatory transparency, and credit risk management to foster responsible BNPL adoption (DSBD, 2023).

As demand-side factors shape the trajectory of BNPL adoption, aligning them with supply-side considerations is essential for fostering a sustainable BNPL ecosystem. The intersection of provider strategies, regulatory oversight, and SMME financial behaviour will determine whether BNPL remains a growth-enabling financial tool or becomes a potential liability for businesses.

### ***2.2.5 Balancing Supply and Demand for Sustainable BNPL Adoption***

As Buy-Now-Pay-Later (BNPL) adoption gains traction in South Africa, achieving a balance between supply-side innovations and demand-side adoption is essential for ensuring long-term sustainability and financial inclusivity. While BNPL providers continue to refine their offerings to enhance accessibility and affordability, SMMEs must develop the financial acumen necessary to leverage these solutions strategically. A sustainable BNPL ecosystem requires a well-calibrated approach where financial service providers deliver responsible credit solutions and small businesses utilize these services effectively to enhance operations without falling into financial distress.

#### ***2.2.5.1 Responsible Lending Practices Among BNPL Providers***

For BNPL to serve as a long-term financial enabler rather than a short-term debt trap, providers must prioritize responsible lending. Given the high failure rate of small businesses, it is essential that financial products are structured with realistic repayment terms, transparent fee structures, and robust credit assessment models (Banking Association of South Africa, 2023).

To mitigate the risks of defaults and over-indebtedness, BNPL providers are increasingly integrating artificial intelligence-driven credit assessments and adaptive credit limits. These innovations allow for real-time risk evaluations, ensuring that businesses do not take on more debt than they can reasonably manage (Day & Gomersall, 2023). Additionally, BNPL platforms are adopting structured repayment plans that align with business revenue cycles, reducing financial strain on entrepreneurs while maintaining the viability of BNPL as a financing solution (Ndlovu, 2023).

#### ***2.2.5.2 Strategic BNPL Adoption by SMMEs***

On the demand side, SMMEs must approach BNPL adoption strategically, treating it as a financial tool for business sustainability rather than merely a means

to bridge short-term cash flow gaps. While BNPL offers liquidity benefits and increased purchasing flexibility, failure to align repayment obligations with business revenue cycles can result in financial instability (Zhang & Chen, 2022).

Findings indicate that businesses that integrate BNPL into a well-structured financial management strategy experience greater cash flow predictability, improved supplier relationships, and enhanced sales growth (SME South Africa, 2023). Conversely, enterprises that rely excessively on BNPL without structured repayment planning may encounter financial distress, leading to credit dependency and potential insolvency (BizCommunity, 2023).

To maximize BNPL benefits, business owners should undergo financial literacy training and adopt structured cash flow management practices. Policymakers and financial institutions can support this initiative by offering credit management workshops, mentorship programs, and financial planning resources tailored to SMMEs (DSBD, 2023).

#### ***2.2.5.3 Bridging the Digital Divide for Inclusive BNPL Adoption***

While BNPL is a highly accessible financing model, its adoption is uneven due to digital infrastructure disparities. Urban-based SMMEs benefit from established fintech ecosystems, e-commerce platforms, and digital banking services, while rural businesses remain largely underserved due to limited internet access and technological constraints (Mbatha, 2024).

Findings indicate that 85.96% of surveyed SMMEs are based in urban centers, where digital financial tools are readily available, whereas only 5.26% of BNPL adopters represent rural businesses (Ramsern & Govender Baxodirovna, 2023). Without targeted interventions, rural entrepreneurs risk being excluded from the benefits of BNPL and other fintech-driven credit solutions (Ndlovu, 2023).

Government agencies, fintech firms, and business development organizations must collaborate to expand broadband access, subsidize digital payment

adoption, and introduce targeted fintech training initiatives for rural enterprises. BNPL providers can also enhance adoption by simplifying onboarding processes, offering multilingual platform interfaces, and incorporating financial education modules to support small business owners with limited fintech experience (Day & Gomersall, 2023).

#### ***2.2.5.4 Regulatory Measures for a Sustainable BNPL Ecosystem***

As BNPL adoption increases, regulatory oversight is becoming a critical component in shaping sustainable credit practices. South Africa's financial regulatory framework mandates that BNPL providers comply with responsible lending standards, credit transparency requirements, and consumer protection policies (Banking Association of South Africa, 2023). However, the fintech-driven nature of BNPL has raised concerns about gaps in regulatory enforcement, particularly for digital-first lenders that operate outside conventional banking structures (DSBD, 2023).

A well-balanced regulatory framework must ensure that BNPL providers maintain lending transparency, ethical credit practices, and proper risk assessment mechanisms while also fostering innovation. Future policy directions could include automated credit risk evaluations, enhanced fraud detection systems, and stronger regulatory collaboration between fintech start-ups and traditional financial institutions (Zhang & Chen, 2022).

#### ***2.2.5.5 Aligning Supply and Demand for Long-Term Sustainability***

For BNPL to achieve long-term adoption within South Africa's SMME sector, it is essential to align supply-side and demand-side dynamics. Financial service providers must continue enhancing accessibility, transparency, and affordability, while entrepreneurs must ensure responsible credit utilization, structured financial planning, and informed decision-making.

A sustainable BNPL ecosystem will require collaboration between key stakeholders, including:

- BNPL providers, who must design products that align with business revenue cycles and offer transparent credit terms.
- Regulatory authorities, who must enforce lending standards that balance consumer protection with fintech-driven financial inclusion.
- Policymakers and industry leaders, who should invest in financial literacy programs, digital inclusion initiatives, and SMME training workshops.

When these elements align, BNPL can transition from being a short-term financing solution to a long-term enabler of financial resilience, business growth, and economic inclusion.

While the focus so far has been on the structural considerations influencing BNPL adoption, understanding how technological accessibility impacts financial inclusion will provide further insights into how BNPL can drive long-term economic transformation in South Africa.

#### ***2.2.6 Bridging the Digital Divide: A Path to Inclusive Growth***

The rapid evolution of financial technology has transformed how businesses access and manage credit. However, the digital divide remains a significant barrier to the widespread adoption of Buy-Now-Pay-Later (BNPL) financing, particularly among South African Small, Medium, and Micro Enterprises (SMMEs). While digital payment technologies and e-commerce platforms continue to redefine financial transactions, unequal access to technology, digital literacy gaps, and inadequate internet infrastructure prevent many small businesses, especially in rural and underserved areas, from participating in the digital economy. Given the increasing reliance on fintech-driven financial solutions, bridging this divide is essential to ensuring that all SMMEs, regardless of location or technological proficiency, can benefit from BNPL as an alternative financing model.

Empirical findings underscore the stark disparities in digital accessibility between urban and rural businesses. A recent study revealed that 85.96% of surveyed SMMEs operate in urban centers, where digital banking, mobile payment systems, and high-speed internet infrastructure are readily available. In contrast, only 5.26% of BNPL adopters represent rural businesses, highlighting the structural barriers that continue to limit financial inclusion for entrepreneurs outside major commercial hubs (Ramsern & Govender Baxodirovna, 2023). Businesses in digitally underserved regions face challenges such as unreliable broadband connectivity, lack of access to fintech platforms, and limited engagement with digital financial services. These structural disadvantages create a financial exclusion cycle, where rural enterprises continue to rely on traditional cash-based transactions and informal credit mechanisms, reducing their ability to integrate innovative payment solutions such as BNPL (Ndlovu, 2023).

Beyond infrastructure limitations, digital literacy presents another major obstacle to BNPL adoption among SMMEs. Many entrepreneurs, particularly those in older demographics or operating in less technologically advanced sectors, struggle to adopt digital financial tools due to a lack of exposure and training (Magida & Pieterse, 2023). Small business owners with limited technological proficiency often express concerns about cybersecurity threats, data privacy risks, and the complexity of online financial management. Without adequate training and support, these businesses risk being left behind in South Africa's digital transformation, further widening the financial inclusion gap (Zhang & Chen, 2022).

To address these challenges, collaborative efforts between government agencies, fintech providers, and business development organizations are essential. Expanding broadband access in rural areas through public-private partnerships could significantly improve the digital connectivity of underserved businesses, enabling them to participate in the fintech ecosystem (DSBD, 2023). Additionally, subsidized digital payment adoption programs could provide financial incentives for small businesses to integrate BNPL and other fintech

solutions into their operations. Programs that offer training in digital finance, mobile payment systems, and online transaction security would also help entrepreneurs develop the necessary skills to navigate the digital economy confidently (Day & Gomersall, 2023).

BNPL providers, in particular, can play a pivotal role in promoting inclusive growth by simplifying onboarding processes, developing multilingual platform interfaces, and offering financial literacy modules tailored to different levels of digital experience. By designing more user-friendly financial products, these providers can bridge the gap between digitally proficient and less technologically advanced businesses, ensuring that even non-tech-savvy entrepreneurs can integrate BNPL solutions effectively (SME South Africa, 2023).

Bridging the digital divide requires a multi-faceted approach that combines infrastructure investment, digital literacy training, and fintech innovation. As more businesses transition to online sales channels, ensuring that all SMMEs can access BNPL and other digital financial tools is critical for fostering an inclusive, sustainable, and competitive business environment. Addressing these digital disparities will not only enhance BNPL adoption rates but also contribute to broader financial inclusion efforts, strengthening South Africa's small business ecosystem.

While the digital divide presents clear challenges, it also offers an opportunity to explore how BNPL technology is reshaping the financial landscape. Examining the opportunities and risks associated with BNPL adoption will provide deeper insights into its long-term impact on financial sustainability and economic development.

### ***2.2.7 The Rise of BNPL Technology: Navigating Opportunities and Risks***

The increasing prominence of Buy-Now-Pay-Later (BNPL) technology is reshaping financial transactions in South Africa, offering businesses and consumers a flexible, interest-free financing model that facilitates purchases

without requiring full immediate payment. As economic conditions remain uncertain and access to traditional credit remains constrained, BNPL has emerged as an alternative credit mechanism, providing short-term liquidity solutions that enhance purchasing power and business cash flow management (Magida & Pieterse, 2023). While this financing model presents significant opportunities for SMMEs, it is also accompanied by risks that require careful consideration to ensure sustainable adoption and financial resilience.

#### ***2.2.7.1 Opportunities for SMMEs in Leveraging BNPL***

For small businesses, BNPL represents an opportunity to improve sales conversion rates and customer retention. Businesses that integrate BNPL into their payment options often experience higher transaction volumes, as customers are more likely to make purchases when provided with instalment-based repayment plans (Day & Gomersall, 2023). This shift is particularly relevant in sectors such as retail, e-commerce, and services, where BNPL not only increases consumer purchasing power but also encourages repeat sales and higher average order values (SME South Africa, 2023).

Beyond customer acquisition, BNPL serves as a financial tool for improving operational efficiency. Many SMMEs face cash flow volatility due to delayed customer payments, fluctuating revenue cycles, and rising operational costs. By allowing businesses to procure inventory, invest in business expansion, and cover essential operational expenses without requiring immediate capital outflows, BNPL provides much-needed liquidity relief (BizCommunity, 2023). This financing flexibility enables entrepreneurs to reinvest in growth strategies without disrupting day-to-day operations, fostering long-term sustainability.

Empirical findings support the argument that BNPL adoption enhances business productivity. A recent study revealed that businesses utilizing BNPL services report improved cash flow management, increased access to working capital, and greater customer satisfaction levels (Ndlovu, 2023). These benefits align with the

broader trends in digital finance, where seamless, technology-driven credit solutions are becoming essential for business competitiveness in an increasingly cashless economy (RMB, 2023).

#### ***2.2.7.2 Risks and Challenges Associated with BNPL Adoption***

Despite its advantages, BNPL adoption is not without risks, particularly in credit default, financial mismanagement, and regulatory uncertainties. One of the primary concerns among businesses is the risk of over-indebtedness, as BNPL's ease of access can lead to excessive borrowing without proper financial planning (Zhang & Chen, 2022). While BNPL providers often market their services as interest-free, failure to meet repayment deadlines may result in hidden charges, penalties, and debt accumulation that could negatively impact business stability (Banking Association of South Africa, 2023).

Concerns regarding repayment structures and financial commitments have also been raised by entrepreneurs who struggle to align BNPL obligations with their revenue cycles (SME South Africa, 2023). Unlike traditional credit lines, which offer structured loan terms and repayment schedules, BNPL operates on short-term instalment agreements that may not always match a business's cash flow patterns. This misalignment can create financial strain, particularly for SMMEs that rely on irregular income streams.

Another significant challenge associated with BNPL adoption is the lack of financial literacy among small business owners. Many entrepreneurs, particularly those new to digital finance, may not fully understand the implications of deferred payment financing, increasing the likelihood of financial mismanagement (Magida & Pieterse, 2023). Without proper training and awareness, businesses risk misusing BNPL as a short-term solution for liquidity issues rather than a strategic financial tool that supports sustainable growth (DSBD, 2023).

### ***2.2.7.3 Regulatory Considerations and Future Policy Directions***

As BNPL adoption grows, regulatory authorities are increasingly examining its long-term implications on financial stability and consumer protection. Unlike traditional lending institutions, many BNPL providers operate outside of formal banking regulations, raising concerns about lending transparency, debt oversight, and responsible credit issuance (Banking Association of South Africa, 2023). Policymakers have emphasized the need for stricter regulatory frameworks that ensure BNPL providers implement responsible lending practices while maintaining financial inclusion objectives (Day & Gomersall, 2023).

Future regulatory interventions may include standardized credit assessment mechanisms, consumer protection policies, and transparency requirements that mandate BNPL providers to disclose all fees, repayment conditions, and potential financial risks associated with their services (Zhang & Chen, 2022). Additionally, there is growing advocacy for financial education initiatives that equip SMMEs with the knowledge necessary to navigate BNPL financing effectively (SME South Africa, 2023). These regulatory measures will be crucial in shaping a sustainable BNPL ecosystem that balances accessibility with financial responsibility.

### ***2.2.7.4 Striking a Balance Between Opportunity and Risk***

For BNPL to achieve long-term viability within the SMME sector, businesses and financial service providers must take a measured approach that balances opportunity with risk mitigation. While BNPL presents clear benefits in terms of cash flow management, sales growth, and financial accessibility, entrepreneurs must ensure that credit commitments align with their business's financial realities to avoid unnecessary debt burdens (Ndlovu, 2023).

Sustainable adoption of BNPL will require collaborative efforts from fintech providers, policymakers, and business development organizations. BNPL providers must enhance credit risk management frameworks, offer structured repayment options, and improve financial literacy support to ensure that

businesses utilize BNPL responsibly. Policymakers must implement regulatory safeguards that foster ethical lending practices while allowing fintech-driven financial innovations to thrive (Banking Association of South Africa, 2023).

By aligning these elements, BNPL can transition from being a transactional financing tool to a strategic financial enabler that empowers small businesses, promotes financial inclusion, and fosters economic resilience in South Africa's evolving business landscape. Examining the broader financial framework within which BNPL operates will provide deeper insights into its long-term role in business sustainability and credit access for SMMEs.

## **2.3 Analytical Framework**

Understanding the factors that influence the adoption of Buy-Now-Pay-Later (BNPL) financing among South African Small, Medium, and Micro Enterprises (SMMEs) requires a structured analytical approach. Given the intersection of financial, technological, and behavioural considerations, it is essential to employ a framework that systematically evaluates how businesses perceive, assess, and integrate BNPL into their operations.

To achieve this, the Unified Theory of Acceptance and Use of Technology (UTAUT) shown in figure 2.3 serves as the guiding framework for this study. UTAUT has been widely applied in research exploring technology adoption patterns, offering insights into the motivations, barriers, and external factors that drive SMMEs to engage with BNPL solutions (Venkatesh, Morris, Davis, & Davis, 2003). By leveraging this model, the study assesses the extent to which BNPL is perceived as beneficial, accessible, and socially reinforced within South Africa's entrepreneurial landscape.

**Figure 2.3 - Unified Theory of Acceptance and Use of Technology (UTAUT)**

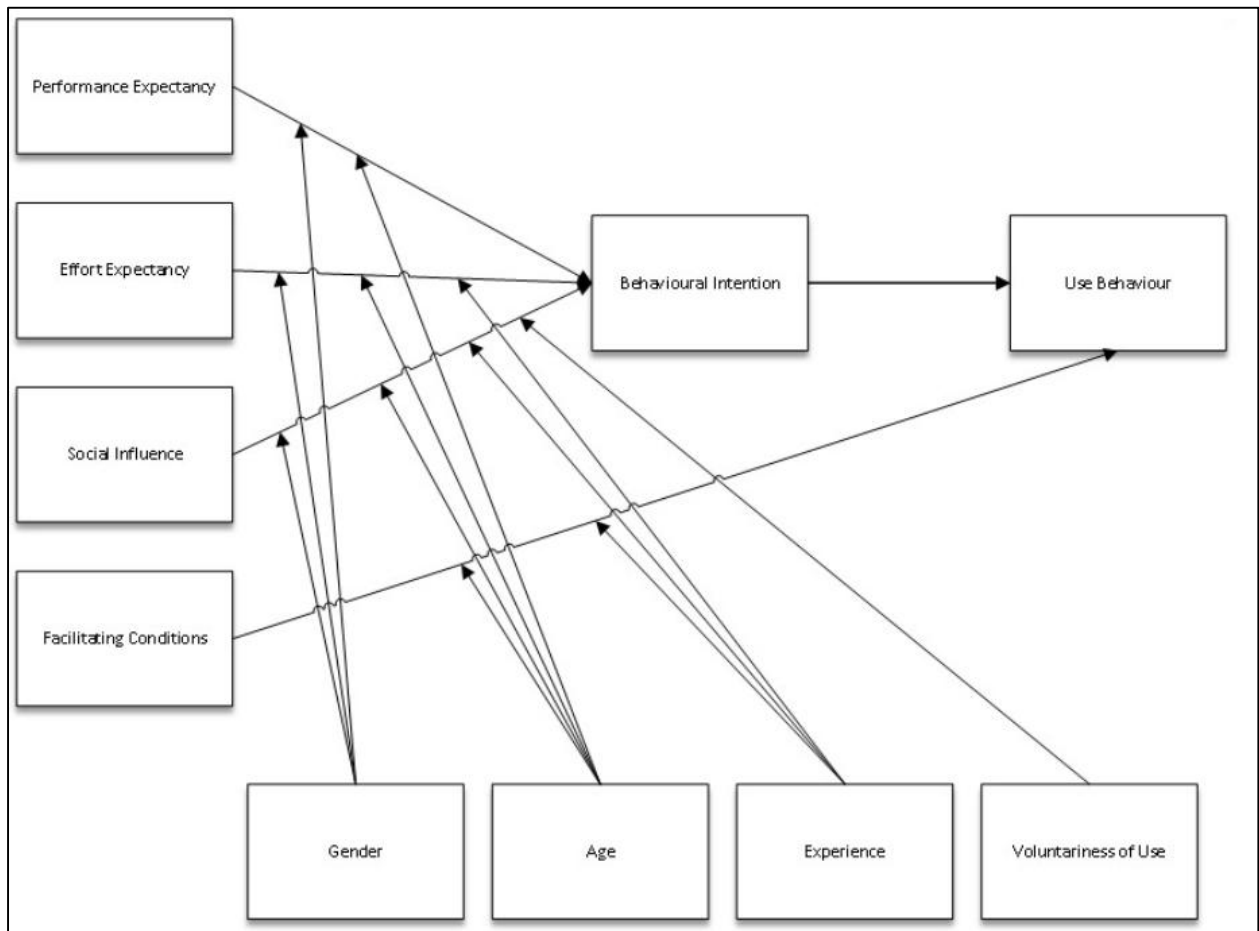


Figure 2.3 illustrates the conceptual research model derived from the Unified Theory of Acceptance and Use of Technology (UTAUT) developed by Venkatesh et al. (2003). It shows the hypothesised relationships between three independent constructs—performance expectancy, effort expectancy, and social influence—and the dependent variable, behavioural intention to adopt BNPL (Buy-Now-Pay-Later) financing. Moderating variables such as age, gender, and experience are proposed to influence the strength of these relationships, consistent with the UTAUT framework’s original formulation (Venkatesh et al., 2003; Williams, Rana, & Dwivedi, 2015).

The adoption of BNPL financing is shaped by four primary determinants within the UTAUT framework. The first determinant, Performance Expectancy, captures

the anticipated benefits of BNPL adoption, including improved business efficiency, enhanced cash flow, and increased customer acquisition (Magida & Pieterse, 2023). The second determinant, Effort Expectancy, assesses how easily business owners can integrate BNPL into their financial management processes, highlighting the importance of digital accessibility and ease of use (SME South Africa, 2023). The third determinant, Social Influence, examines the role of peer networks, industry norms, and customer preferences in shaping business adoption decisions, recognizing that entrepreneurs often look to competitors and market trends when adopting new financial technologies (Day & Gomersall, 2023). Lastly, Facilitating Conditions refer to the technological infrastructure, regulatory environment, and institutional support mechanisms that enable or constrain BNPL adoption among small businesses (Ndlovu, 2023).

These core determinants are moderated by key demographic and business-specific factors, including age, gender, experience, and voluntariness of use. Research suggests that younger entrepreneurs and those with greater digital proficiency are more likely to adopt fintech-driven credit solutions, whereas older business owners may exhibit a preference for traditional financing models (Gerrans, Baur, & Lavagna-Slater, 2022). Similarly, businesses with prior exposure to digital financial tools tend to embrace BNPL more readily than those with limited fintech experience, highlighting the role of technological familiarity in shaping adoption behaviour (DSBD, 2023).

By applying UTAUT, this study systematically explores how financial expectations, perceived ease of use, external influence, and enabling conditions contribute to BNPL adoption among South African SMMEs. This approach ensures that the analysis is not only theoretically grounded but also practically relevant, allowing for a nuanced examination of the drivers and constraints that influence small business financing decisions.

Having established the analytical framework, the discussion now shifts to an in-depth exploration of each UTAUT determinant, examining its relevance to BNPL adoption and its implications for financial inclusion and business sustainability.

### ***2.3.1 Theoretical Framework: Navigating the Path Forward with UTAUT***

The Unified Theory of Acceptance and Use of Technology (UTAUT) provides a structured framework for analysing the behavioural, operational, and environmental factors that influence the adoption of Buy-Now-Pay-Later (BNPL) financing among Small, Medium, and Micro Enterprises (SMMEs). Developed by Venkatesh, Morris, Davis, and Davis (2003), the UTAUT model integrates elements from earlier technology acceptance theories, including the Technology Acceptance Model (TAM) and the Theory of Planned Behaviour (TPB), to create a comprehensive model that explains how users adopt and utilize new technologies. This framework has been widely applied in studies exploring digital banking, mobile payments, and fintech adoption, making it highly relevant for examining BNPL integration in the SMME sector (Ghobakhloo, Hong, Sabouri, & Zulkifli, 2011).

BNPL adoption among small businesses is driven by a combination of perceived benefits, operational ease, external pressures, and available infrastructural support. The UTAUT model provides a lens to assess how these factors shape behavioural intentions, usage patterns, and adoption barriers. Unlike traditional credit models, which involve complex approval processes and high collateral requirements, BNPL operates within a digital financial ecosystem, where accessibility and perceived convenience are crucial determinants of uptake (Magida & Pieterse, 2023).

The core constructs of UTAUT—Performance Expectancy, Effort Expectancy, Social Influence, and Facilitating Conditions—serve as the foundation for evaluating BNPL adoption. Performance Expectancy reflects the anticipated benefits of BNPL in improving financial stability, cash flow management, and business sustainability (SME South Africa, 2023). Effort Expectancy captures the perceived ease of integrating BNPL into daily business operations, emphasizing how intuitive, user-friendly, and adaptable the financing solution is for entrepreneurs (Day & Gomersall, 2023). Social Influence considers the external pressures, including customer demand, industry norms, and peer

recommendations, that affect business owners' decisions to adopt BNPL (Ndlovu, 2023). Finally, Facilitating Conditions refer to the presence of supportive infrastructure, regulatory frameworks, and technological resources that enable or hinder BNPL adoption (DSBD, 2023).

In addition to these determinants, moderating factors such as age, gender, business experience, and voluntariness of use influence the extent to which SMMEs embrace BNPL. Younger entrepreneurs and businesses with greater exposure to digital financial tools tend to adopt fintech-based credit solutions more readily than those with limited technological familiarity (Gerrans, Baur, & Lavagna-Slater, 2022). Gender differences also play a role, as studies indicate that male entrepreneurs demonstrate higher risk tolerance in adopting alternative financing models, whereas female-led businesses often exhibit more cautious credit behaviour (Magida & Pieterse, 2023).

By applying the UTAUT model to BNPL adoption, this study systematically evaluates the behavioural, structural, and technological factors that influence small business financing decisions. This approach ensures a holistic assessment of BNPL's role in financial inclusion, identifying both the enablers and barriers that affect its adoption in South Africa's SMME sector.

Having established UTAUT as the guiding theoretical framework, the discussion now turns to an in-depth analysis of its core constructs, beginning with Performance Expectancy and its impact on BNPL adoption.

### ***2.3.2 Performance Expectancy and BNPL Adoption***

Performance Expectancy refers to the extent to which a user believes that adopting a particular technology will improve efficiency, productivity, and overall performance (Venkatesh et al., 2003). Within the context of BNPL adoption among SMMEs, Performance Expectancy captures the anticipated financial and operational advantages, including improved cash flow, increased sales, and enhanced purchasing power (Magida & Pieterse, 2023).

Research indicates that businesses are more likely to adopt BNPL when they perceive that it offers tangible economic benefits, such as reduced dependency on high-interest credit and the ability to manage working capital effectively (SME South Africa, 2023). Studies further suggest that Performance Expectancy is closely linked to business sustainability, as enterprises that integrate BNPL financing can improve supplier relationships and customer retention (Day & Gomersall, 2023). However, concerns regarding repayment obligations, fluctuating interest rates, and regulatory uncertainties may diminish the perceived performance benefits of BNPL adoption (SourceFin, n.d.).

### ***2.3.3 Effort Expectancy and BNPL Accessibility***

Effort Expectancy measures the perceived ease of learning and using a technology (Venkatesh et al., 2003). In the context of BNPL, Effort Expectancy assesses whether SMME owners find BNPL platforms intuitive, simple to navigate, and easy to integrate into existing financial management systems (Gerrans et al., 2022). Digital onboarding processes, automated approval mechanisms, and user-friendly interfaces significantly enhance Effort Expectancy, making BNPL an attractive option for entrepreneurs with limited experience in fintech-based financing (Ndlovu, 2023).

Challenges such as limited financial literacy, difficulties in tracking repayment schedules, and lack of awareness about BNPL policies may create barriers to adoption. Businesses operating in rural areas, where access to digital banking infrastructure is constrained, may perceive BNPL solutions as cumbersome or difficult to implement (Mbatha, 2024). Addressing these concerns requires targeted initiatives to improve digital financial literacy, ensure transparent terms of service, and provide responsive customer support to SMMEs considering BNPL adoption (BizCommunity, 2023).

### ***2.3.4 Social Influence and BNPL Adoption***

Social Influence refers to the degree to which an individual's decision to adopt a technology is shaped by external factors, including peer recommendations, industry trends, and customer expectations (Venkatesh et al., 2003). Within the BNPL landscape, Social Influence plays a crucial role, as businesses are more likely to integrate BNPL solutions when they observe widespread adoption within their industry (Magida & Pieterse, 2023).

SMMEs frequently rely on referrals from business networks, supplier recommendations, and consumer demand for flexible payment options when considering new financial solutions (SME South Africa, 2023). However, BNPL adoption may be hindered if businesses perceive risks related to default rates, hidden fees, or a lack of regulatory oversight. Strengthening Social Influence requires the development of trust-building mechanisms, including transparent lending practices, success case studies, and endorsements from established industry leaders (SourceFin, n.d.).

### ***2.3.5 Facilitating Conditions and BNPL Usability***

Facilitating Conditions encompass the availability of technical infrastructure, regulatory support, and institutional enablers that assist in the adoption of technology (Venkatesh et al., 2003). In BNPL adoption, this includes access to reliable digital banking services, robust fintech ecosystems, and legal frameworks that protect both lenders and borrowers (Day & Gomersall, 2023).

Businesses operating in technologically advanced environments with access to high-speed internet, digital payment gateways, and well-regulated financial institutions face fewer barriers to BNPL adoption. Conversely, enterprises in underserved regions may struggle with unreliable infrastructure, low engagement with digital finance, and concerns about cybersecurity risks (Ndlovu, 2023). Addressing these structural disparities requires collaborative efforts between

financial institutions, government agencies, and fintech service providers to promote inclusive financial access (Mbatha, 2024).

### ***2.3.6 Moderating Effects in BNPL Adoption***

The influence of Performance Expectancy, Effort Expectancy, Social Influence, and Facilitating Conditions on BNPL adoption varies across different demographic and contextual factors. The moderating effects of gender, age, experience, and voluntariness of use shape the likelihood of BNPL adoption among SMMEs (Venkatesh et al., 2003).

Gender differences impact perceptions of financial benefits, ease of use, and external social pressure in adopting BNPL solutions (Magida & Pieterse, 2023). Some studies suggest that male entrepreneurs demonstrate greater risk tolerance in adopting fintech credit solutions, whereas women-led businesses may be more cautious in adopting digital financing due to concerns about financial security (SME South Africa, 2023).

Age moderates Performance Expectancy, Effort Expectancy, Social Influence, and Facilitating Conditions. Younger entrepreneurs, who are generally more digitally proficient, exhibit higher rates of fintech adoption compared to older business owners who may prefer traditional credit mechanisms (Gerrans et al., 2022). Experience moderates adoption behaviour, as business owners with prior exposure to digital finance tools are more likely to engage with BNPL than those unfamiliar with technology-based credit solutions Day & Gomersall, 2023).

Voluntariness of use influences Social Influence, meaning that BNPL adoption is higher when it is perceived as an industry standard or competitive necessity rather than an optional credit tool (SourceFin, n.d.).

### ***2.3.7 Applying the UTAUT Model to BNPL Adoption Among South African SMMEs***

The UTAUT model serves as a structured framework for analysing the motivations and constraints surrounding BNPL adoption among South African SMMEs. By examining Performance Expectancy, Effort Expectancy, Social Influence, and Facilitating Conditions, this study evaluates the practical considerations shaping business decisions on BNPL financing. The moderating effects of gender, age, experience, and voluntariness of use provide a nuanced understanding of the variations in BNPL adoption across different business demographics.

## **2.4 Addressing the First Research Question**

### ***2.4.1 Exploring BNPL Adoption Among SMMEs: Performance Expectancy and Effort Expectancy influence***

The adoption of Buy-Now-Pay-Later (BNPL) financing by Small, Medium, and Micro Enterprises (SMMEs) is an emerging area of financial research that has significant implications for business sustainability and financial inclusion. While BNPL has gained considerable traction in consumer markets, its application within the SMME sector remains underexplored (Gerrans, Baur, & Lavagna-Slater, 2022). The first research question in this study seeks to determine the extent to which Performance Expectancy and Effort Expectancy influence the behavioural intention of South African SMMEs to adopt BNPL financing.

SMMEs often face substantial barriers to accessing traditional credit, making alternative financing mechanisms such as BNPL increasingly relevant. The integration of BNPL financing within the SMME sector has the potential to enhance cash flow, enable business expansion, and provide financial flexibility. However, the decision to adopt BNPL is influenced by perceptions of its financial benefits, ease of use, and associated risks (Magida & Pieterse, 2023). This

section critically examines literature related to the impact of Performance Expectancy and Effort Expectancy on BNPL adoption.

#### ***2.4.2 Performance Expectancy and BNPL Adoption***

Performance Expectancy refers to the belief that using BNPL financing will enhance business performance by improving financial stability, increasing sales, and reducing liquidity constraints (Venkatesh et al., 2003). Businesses that anticipate financial advantages from BNPL adoption, such as increased purchasing power and operational efficiency, are more likely to integrate it into their financial practices (SME South Africa, 2023).

Empirical studies indicate that Performance Expectancy is a strong predictor of BNPL adoption among enterprises that experience seasonal revenue fluctuations or operate in highly competitive markets. Businesses in the retail and e-commerce sectors, where BNPL has become an increasingly popular financing option, exhibit higher adoption rates due to the expectation of increased customer retention and sales growth (Day & Gomersall, 2023).

However, the impact of Performance Expectancy on BNPL adoption is moderated by concerns about financial risks, regulatory uncertainties, and repayment obligations. Some business owners perceive BNPL as a short-term credit solution rather than a sustainable financing tool, which may deter widespread adoption (SourceFin, n.d.). Addressing these concerns requires targeted financial education, clear regulatory frameworks, and risk mitigation strategies that enhance business confidence in BNPL solutions.

#### ***2.4.3 Effort Expectancy and BNPL Adoption***

Effort Expectancy pertains to the ease with which SMMEs can integrate BNPL financing into their financial management processes (Venkatesh et al., 2003). The adoption of BNPL solutions is influenced by the perceived simplicity of

application procedures, ease of repayment tracking, and compatibility with existing digital payment systems (Gerrans et al., 2022).

Research suggests that businesses are more likely to adopt BNPL financing when the onboarding process is straightforward, transaction processing is seamless, and repayment schedules are easily managed (Ndlovu, 2023). Fintech-driven BNPL platforms have simplified these aspects through digital automation, reducing administrative burdens for small business owners (BizCommunity, 2023).

Nevertheless, technological barriers such as limited digital literacy, inadequate access to financial management tools, and concerns about cybersecurity may hinder Effort Expectancy. Businesses operating in sectors with lower technological engagement may require additional training and support to leverage BNPL effectively (Mbatha, 2024). Improving Effort Expectancy through user-friendly fintech interfaces, customer support services, and transparent repayment structures can enhance BNPL adoption rates among SMMEs.

#### ***2.4.4 Moderating Effects on Performance Expectancy and Effort Expectancy***

The relationship between Performance Expectancy, Effort Expectancy, and BNPL adoption is influenced by several moderating factors, including gender, age, and experience. Gender differences may affect how business owners perceive the financial benefits and usability of BNPL solutions. Research indicates that male and female entrepreneurs evaluate fintech financing options differently, with male business owners often exhibiting greater risk tolerance in adopting alternative credit models (Magida & Pieterse, 2023).

Age moderates the impact of Performance Expectancy and Effort Expectancy on BNPL adoption, with younger entrepreneurs typically showing greater openness to digital financial innovations compared to older business owners who may prefer traditional credit mechanisms (SME South Africa, 2023). Experience also

plays a critical role in BNPL adoption, as businesses with prior exposure to fintech solutions are more likely to embrace BNPL as an alternative financing tool (Gerrans et al., 2022).

Understanding these moderating factors allows for a more nuanced assessment of BNPL adoption dynamics, ensuring that financial service providers tailor their offerings to meet the diverse needs of SMMEs.

#### ***2.4.5 Hypothesis 1: Performance Expectancy and Effort Expectancy as Drivers of BNPL Adoption***

Based on the literature reviewed, Performance Expectancy and Effort Expectancy are significant determinants of BNPL adoption among South African SMMEs. Businesses that perceive BNPL as financially beneficial and easy to integrate into their operations are more likely to adopt it as a financing mechanism. However, this relationship is moderated by gender, age, and experience, which shape the degree to which business owners engage with BNPL solutions.

**Hypothesis 1:** The higher the Performance Expectancy and Effort Expectancy of BNPL financing, the greater the likelihood of its adoption among SMMEs, with gender, age, and experience acting as significant moderators.

### **2.5 Addressing the Second Research Question**

#### ***2.5.1 Exploring BNPL Adoption Among SMMEs: Social Influence and Facilitating Conditions in BNPL Adoption***

The second research question in this study seeks to examine the role of Social Influence and Facilitating Conditions in shaping the behavioural intention of South African Small, Medium, and Micro Enterprises (SMMEs) to adopt Buy-Now-Pay-Later (BNPL) financing. Social Influence pertains to the extent to which peer

recommendations, industry norms, and external pressures affect the decision-making process, whereas Facilitating Conditions refer to the technological infrastructure, regulatory frameworks, and institutional support available to businesses considering BNPL adoption (Venkatesh et al., 2003).

Understanding how these factors influence adoption is essential for assessing the external pressures and structural enablers that drive BNPL integration within the SMME sector. While Performance Expectancy and Effort Expectancy primarily focus on an enterprise's internal perceptions of BNPL's benefits and usability, Social Influence and Facilitating Conditions examine the external factors that either encourage or hinder adoption (Magida & Pieterse, 2023). This section critically reviews the literature on these two determinants and their moderating effects.

### ***2.5.2 Social Influence and BNPL Adoption***

Social Influence is a significant driver of technology adoption, as businesses frequently rely on external references when making financial decisions (Venkatesh et al., 2003). Within the BNPL landscape, Social Influence arises from three primary sources: peer recommendations, industry adoption trends, and customer expectations.

Entrepreneurs and business owners often seek validation from industry peers before implementing new financial solutions, particularly in high-risk environments where credit exposure poses potential financial burdens (SME South Africa, 2023). When businesses observe widespread BNPL adoption among competitors and suppliers, they are more likely to perceive it as a viable and competitive financing option (Day & Gomersall, 2023). Additionally, customers increasingly demand flexible payment options, prompting businesses to adopt BNPL solutions to meet consumer preferences and remain competitive in retail and e-commerce markets (Gerrans et al., 2022).

Despite these advantages, the strength of Social Influence in BNPL adoption is moderated by demographic and business-related variables. Gender influences how business owners respond to peer pressure and industry norms, with male entrepreneurs generally displaying greater confidence in financial risk-taking compared to female entrepreneurs, who may exhibit higher caution in credit adoption decisions (Magida & Pieterse, 2023). Age also plays a role, as younger business owners, who are more engaged in digital finance communities, tend to be more influenced by social networks and industry recommendations compared to older entrepreneurs who rely on traditional financing channels (SME South Africa, 2023).

### ***2.5.3 Facilitating Conditions and BNPL Usability***

Facilitating Conditions encompass the infrastructural, regulatory, and institutional factors that enable or constrain BNPL adoption (Venkatesh et al., 2003). The availability of digital payment infrastructure, integration with fintech ecosystems, and supportive regulatory policies significantly impact the ease with which SMMEs can incorporate BNPL solutions into their financial operations (Day & Gomersall, 2023).

Businesses operating in environments with well-developed digital financial systems, such as mobile banking and online payment platforms, encounter fewer barriers to BNPL adoption. Conversely, enterprises in underdeveloped regions face challenges due to unreliable internet access, low engagement with digital financial tools, and a lack of institutional support (Ndlovu, 2023). Regulatory clarity is another crucial aspect of Facilitating Conditions, as uncertainty regarding consumer credit laws and responsible lending policies can deter businesses from integrating BNPL financing (Banking Association of South Africa, 2023).

Experience also moderates the influence of Facilitating Conditions on BNPL adoption. Business owners with prior exposure to fintech solutions are more

adept at navigating digital credit platforms, whereas those with limited experience may struggle with onboarding processes and compliance requirements (Gerrans et al., 2022). Moreover, age moderates the relationship between Facilitating Conditions and BNPL adoption, as younger entrepreneurs are typically more comfortable with digital financial tools compared to older business owners who may prefer conventional financing models (Mbatha, 2024).

#### ***2.5.4 Hypothesis 2: Social Influence and Facilitating Conditions as Drivers of BNPL Adoption***

Based on the literature reviewed, Social Influence and Facilitating Conditions play a critical role in the adoption of BNPL financing among South African SMMEs. Businesses are more likely to integrate BNPL when they observe widespread industry adoption, receive positive peer recommendations, and encounter supportive institutional frameworks. However, these relationships are moderated by gender, age, and experience, which influence how business owners perceive external pressures and infrastructural enablers.

**Hypothesis 2:** The greater the Social Influence and Facilitating Conditions supporting BNPL financing, the higher the likelihood of its adoption among SMMEs, with gender, age, and experience acting as significant moderators.

## **2.6 Conclusion of Literature Review**

This literature review has provided an in-depth analysis of the factors influencing Buy-Now-Pay-Later (BNPL) adoption among South African Small, Medium, and Micro Enterprises (SMMEs). Using the Unified Theory of Acceptance and Use of Technology (UTAUT) framework, it has identified Performance Expectancy, Effort Expectancy, Social Influence, and Facilitating Conditions as key determinants of BNPL adoption. Additionally, the review highlights the moderating effects of gender, age, and experience, which influence how these determinants shape adoption decisions.

BNPL has the potential to serve as an alternative financing tool, alleviating liquidity constraints and enhancing financial inclusion for SMMEs. However, adoption remains inconsistent due to concerns over financial risks, regulatory uncertainties, technological accessibility, and digital literacy disparities. Businesses with prior fintech exposure exhibit greater confidence in BNPL adoption, while those unfamiliar with such technologies often hesitate due to perceived complexity and risk. Similarly, younger and male entrepreneurs tend to show higher risk tolerance and willingness to engage with fintech solutions, whereas female and older entrepreneurs may be more cautious.

This review underscores the need for empirical research to systematically examine both the enablers and barriers to BNPL adoption among SMMEs. While existing literature provides theoretical insights, the lack of region-specific empirical studies necessitates a structured research approach that captures the lived experiences of South African business owners. These insights will directly inform the development of survey instruments, ensuring that key adoption determinants and moderating factors are accurately measured. Future research should assess SMMEs' perceptions of BNPL, their awareness of its benefits and risks, and the external conditions shaping their decision-making.

In conclusion, BNPL holds promise as a strategic financial tool that can enhance business sustainability and competitiveness. However, its widespread adoption depends on a combination of perceived financial benefits, ease of use, industry acceptance, and supportive infrastructure. A structured empirical investigation is essential to validate these insights and develop actionable recommendations for fintech providers, policymakers, and SMME support organizations.

### ***2.6.1 Hypothesis 1: Performance Expectancy and Effort Expectancy as Drivers of BNPL Adoption***

**Hypothesis 1:** The higher the Performance Expectancy and Effort Expectancy of BNPL financing, the greater the likelihood of its adoption among SMMEs, with gender, age, and experience acting as significant moderators.

### ***2.6.2 Hypothesis 2: Social Influence and Facilitating Conditions as Drivers of BNPL Adoption***

**Hypothesis 2:** The greater the Social Influence and Facilitating Conditions supporting BNPL financing, the higher the likelihood of its adoption among SMMEs, with gender, age, and experience acting as significant moderators.

Building on this theoretical foundation, the next chapter introduces the quantitative research approach adopted for the empirical phase of this study. It outlines the research paradigm, methodology, data collection methods, and statistical techniques used to systematically analyse BNPL adoption among South African SMMEs. By employing Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM), this study ensures methodological rigor in testing the relationships identified in the literature, ultimately generating practical insights for industry stakeholders.

## **CHAPTER 3. RESEARCH METHODOLOGY**

### **3.1 Research Approach**

This study employed a quantitative research approach to systematically examine the factors influencing the adoption of Buy-Now-Pay-Later (BNPL) technology among South African Small, Medium, and Micro Enterprises (SMMEs). The quantitative approach aligns with the positivist paradigm, facilitating the objective investigation of relationships between variables and enabling hypothesis testing through statistical analysis (Venkatesh et al., 2003; Rahi et al., 2018).

The approach was chosen for its suitability in addressing the study's research questions, which are grounded in the Unified Theory of Acceptance and Use of Technology (UTAUT). The UTAUT, developed by Venkatesh et al. (2003), is a widely used framework for understanding technology adoption behaviour. It integrates multiple existing technology acceptance models to identify four key constructs that influence user adoption:

1. Performance Expectancy – the perceived benefits of using the technology.
2. Effort Expectancy – the ease of use of the technology.
3. Social Influence – the extent to which others influence the adoption decision.
4. Facilitating Conditions – the availability of resources and support that enable adoption.

In this study, UTAUT provided a structured approach to analysing the adoption of Buy Now, Pay Later (BNPL) technologies among South African SMMEs

Constructs such as Performance Expectancy, Effort Expectancy, and Social Influence were operationalized into measurable indicators, enabling systematic data collection and rigorous statistical evaluation (Hair, Hult, Ringle, & Sarstedt, 2019). This method was particularly apt for a study focused on adoption dynamics within a diverse and structurally challenged SMME sector (Mbatha, 2024).

The use of a quantitative approach ensured that findings were objective, reliable, and generalizable within the defined scope of South African SMMEs. Additionally, it provided empirical validation of theoretical Hypothesis, offering actionable insights for industry stakeholders to facilitate BNPL adoption.

## **3.2 Research Paradigm**

This study adopted a positivist research paradigm to investigate the factors influencing the adoption of BNPL technology among South African SMMEs. Positivism emphasizes objectivity and empirical inquiry, providing a robust foundation for conducting systematic and neutral research (Rahi, Ghani, Alnaser, & Ngah, 2018).

### ***3.2.1 Embracing Objectivity: A Quest for Unbiased Inquiry***

The positivist paradigm advocates for the pursuit of objective knowledge through empirical observation and scientific methods (Guba & Lincoln, 1994). This approach enabled the study to maintain a neutral stance, free from subjective biases or preconceived notions, ensuring credibility and reliability in research outcomes (Crotty, 1998).

### ***3.2.2 Leveraging Systematic Inquiry: Rigor in Research Methodology***

Positivism's systematic nature facilitated the use of validated questionnaires and rigorous statistical tools, including Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM). CFA was used to validate the structure of latent variables by confirming whether observed indicators accurately measured theoretical constructs such as financial literacy, technology readiness, perceived ease of use, and risk perception (Hair, Black, Babin, & Anderson, 2019). This process ensured that survey items were statistically valid and reliable, reducing measurement errors and improving the credibility of results (Byrne, 2016).

SEM extended CFA by testing the relationships between multiple factors within a single model. Unlike traditional regression, SEM simultaneously examined both direct and indirect effects, allowing for a comprehensive understanding of how various factors influenced BNPL adoption (Schumacker & Lomax, 2020). This approach was crucial in establishing causal relationships and providing insights that could inform fintech providers, SMMEs, and policymakers (Kline, 2016).

These methods enhanced methodological rigor and ensured the validity of the findings (Bryman, 2016; Hair, Black, Babin, & Anderson, 2019). For instance, the study confirmed strong reliability and validity for survey constructs, as shown in Table 3.2.2.

### ***3.2.3 Justifying the Choice: Alignment with Research Objectives***

The adoption of positivism aligned with the study's objectives of examining adoption dynamics quantitatively. This paradigm provided a structured framework for gathering empirical evidence and analysing relationships between key constructs, such as Performance Expectancy (Cronbach's  $\alpha = 0.89$ , AVE = 0.78) and Social Influence (Cronbach's  $\alpha = 0.86$ , AVE = 0.74).

In this study, Cronbach's Alpha ( $\alpha$ ) was used to measure the internal consistency of the constructs. Cronbach's Alpha is a statistical coefficient that assesses how well a set of items (survey questions) reliably measure a particular construct (Tavakol & Dennick, 2011). A higher Cronbach's Alpha (typically above 0.70) indicates that the items within a construct are strongly related and consistently measure the same underlying factor (Hair, Black, Babin, & Anderson, 2019). For example, the high Cronbach's Alpha values for Performance Expectancy (0.89) and Social Influence (0.86) suggest that the items used to measure these constructs were highly reliable.

Additionally, Average Variance Extracted (AVE) was used to assess construct validity, ensuring that the items captured a sufficient proportion of the underlying concept being measured (Fornell & Larcker, 1981). The operationalized

constructs ensured comprehensive coverage of relevant dimensions, as per the Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al., 2003). By incorporating these reliability and validity measures, the study ensured that its findings were both statistically robust and theoretically sound, reinforcing the credibility of the analysis.

### ***3.2.4 Advancing Knowledge through Positivism***

Through a positivist lens, the study generated actionable insights into the adoption dynamics of BNPL technology. By embracing objectivity and systematic inquiry, the research contributes to advancing knowledge in the fields of e-commerce and digital entrepreneurship, especially within structurally challenged markets like South Africa. These insights informed practical recommendations for stakeholders, as detailed in Chapter 5.

## **3.3 Research Approach**

This study employed a quantitative research approach to systematically assess the factors influencing the adoption of Buy-Now-Pay-Later (BNPL) technology among South African SMMEs. This approach, grounded in the positivist paradigm, facilitated an objective investigation of the relationships between key variables and enabled hypothesis testing through statistical analysis (Venkatesh, Morris, Davis, & Davis, 2003; Rahi, Ghani, Alnaser, & Ngah, 2018).

Given the study's focus on technology adoption patterns, a quantitative methodology was well-suited for capturing measurable insights, ensuring reliability, and providing empirical validation of theoretical constructs. By applying structured data collection methods and statistical models, this approach offered a replicable framework for analysing adoption trends among diverse SMMEs in the South Africa.

### ***3.3.1 Justification for the Quantitative Approach***

The selection of a quantitative research approach was driven by the study's objectives and its theoretical foundation in the Unified Theory of Acceptance and Use of Technology (UTAUT). This framework, which identifies key determinants of technology adoption, guided the study in defining and measuring constructs such as Performance Expectancy, Effort Expectancy, and Social Influence (Magida & Pieterse, 2023; Gerrans, Baur, & Lavagna-Slater, 2022). By translating these constructs into quantifiable variables, the study enabled precise data collection and rigorous statistical validation of relationships between adoption factors.

Moreover, this method was particularly appropriate given the diverse nature of South African SMMEs and the structural challenges they face, including technological disparities and financial accessibility barriers (Mbatha, 2024). The use of structured survey instruments ensured consistency in data collection, while statistical techniques such as Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM) provided a robust means of assessing construct validity and interrelationships. These analyses, detailed in Chapter 4, reinforced the study's findings by empirically validating the proposed adoption model.

By employing a quantitative approach, the study ensured that findings were systematic, objective, and generalizable within the South African SMME context. Additionally, it enabled the development of evidence-based insights that could inform fintech providers, policymakers, and business owners on strategies to enhance BNPL adoption.

### ***3.3.2 Operationalization of Constructs***

The survey design translated theoretical constructs into quantifiable indicators, ensuring alignment with the Unified Theory of Acceptance and Use of Technology (UTAUT). As outlined in Table 3.3.2, this structured framework facilitated

systematic data collection and provided a rigorous foundation for statistical analysis, enhancing the reliability and validity of the study's findings.

**Table 3.3.2 - Survey Constructs Operationalization**

| <b>Construct</b>        | <b>Indicator</b>    | <b>Survey Question</b>                                                   |
|-------------------------|---------------------|--------------------------------------------------------------------------|
| Performance Expectancy  | PE1: Usefulness     | I find BNPL technology useful in my business.                            |
|                         | PE2: Productivity   | Using BNPL technology increases my business productivity.                |
|                         | PE3: Goals          | BNPL technology helps me achieve my business goals more efficiently.     |
| Effort Expectancy       | EE1: Clarity        | My interaction with BNPL technology is clear and understandable.         |
|                         | EE2: Learning       | It is easy for me to become skilful at using BNPL technology.            |
|                         | EE3: Simplicity     | Learning to use BNPL technology is easy for me.                          |
| Social Influence        | SI1: Peer Input     | People influencing my business decisions think I should use BNPL.        |
|                         | SI2: Valued Input   | People whose opinions I value prefer that I use BNPL technology.         |
|                         | SI3: Industry Use   | My peers in the industry use BNPL technology.                            |
| Facilitating Conditions | FC1: Tools          | BNPL technology helps me achieve my business goals.                      |
|                         | FC2: Ease           | Learning to use BNPL technology is easy for me.                          |
| Behavioural Intention   | BI1: Intention      | I intend to use BNPL technology in my business within the next 6 months. |
|                         | BI2: Effort         | I will always try to use BNPL technology in my business operations.      |
|                         | BI3: Recommendation | I plan to recommend BNPL technology to other SMMEs.                      |

The structured methodology enabled the study to systematically capture comprehensive and relevant data on BNPL adoption dynamics, ensuring consistency, reliability, and empirical rigor in the analysis.

### **3.3.3 Statistical Analysis**

To rigorously assess the hypothesised relationships outlined in the conceptual framework, this study employed Structural Equation Modelling (SEM) as the primary method of statistical analysis. SEM is particularly well suited for examining complex theoretical models that involve multiple latent constructs and interdependent variables, as it enables the simultaneous evaluation of both measurement and structural paths. This approach aligns with the exploratory nature of the research and supports the validation of the proposed hypotheses (Hair, Hult, Ringle, & Sarstedt, 2019; Byrne, 2016).

The analysis was conducted using SmartPLS 4, a widely recognised tool for Partial Least Squares-SEM (PLS-SEM), which is appropriate for models that include interaction effects, non-normal data distributions, and moderate sample sizes (Sarstedt, Ringle, & Hair, 2021). The process involved two major stages: assessing the reliability and validity of the measurement model through Confirmatory Factor Analysis (CFA), followed by testing the structural model to evaluate the hypothesised relationships.

In the first stage, construct reliability was evaluated using Cronbach's alpha and composite reliability, both of which exceeded the recommended threshold of 0.70 across all constructs, indicating high internal consistency (Nunnally & Bernstein, 1994). Convergent validity was confirmed through Average Variance Extracted (AVE) values above the 0.50 benchmark, and discriminant validity was verified using the Fornell-Larcker criterion and Heterotrait-Monotrait (HTMT) ratios, all of which met the required thresholds (Hair et al., 2019).

Following this, the structural model was assessed to determine the strength and significance of the hypothesised paths between the independent variables—

performance expectancy, effort expectancy, and social influence—and the dependent variable, behavioural intention to adopt BNPL financing. The analysis revealed that performance expectancy had a significant and strong positive influence on behavioural intention ( $\beta = 0.52, p < 0.001$ ). Effort expectancy also demonstrated a statistically significant effect ( $\beta = 0.43, p < 0.001$ ), while social influence exerted a more moderate but still significant impact ( $\beta = 0.29, p < 0.01$ ). Together, these variables explained approximately 67% of the variance in behavioural intention ( $R^2 = 0.67$ ), indicating substantial explanatory power of the model.

In addition, the study investigated whether demographic factors, specifically age, gender, and experience, moderated the primary relationships within the model. Interaction terms were introduced into the SEM model to examine these moderating effects. The results showed that age significantly moderated the relationship between effort expectancy and behavioural intention ( $\beta = -0.18, p < 0.05$ ), suggesting that younger respondents perceived ease of use as more influential in their decision to adopt BNPL financing. However, the moderation effects of gender and business experience were not statistically significant, though they may still hold conceptual relevance, particularly in guiding future research (Venkatesh, Morris, Davis, & Davis, 2003; Rahi, Ghani, Alnaser, & Ngah, 2018).

Overall, the use of SEM provided a robust analytical framework for validating the theoretical model and assessing both direct and moderating effects within the BNPL adoption context. The findings affirm the relevance of the UTAUT constructs in predicting adoption behaviour and underscore the importance of demographic variability in shaping these outcomes.

### ***3.3.4 Strengths of the Quantitative Approach***

The quantitative methodology provided several advantages that enhanced the reliability and applicability of the study's findings. Firstly, it ensured objectivity by using validated constructs, minimizing bias in both data collection and analysis (Hair, Black, Babin, & Anderson, 2019). Secondly, the approach was scalable, allowing for efficient data collection from a broad sample of South African SMMEs, thereby improving the generalizability of the findings (Creswell & Creswell, 2018). Lastly, the use of quantitative methods facilitated the empirical testing of UTAUT constructs, ensuring alignment with established theoretical Hypothesis and providing statistical validation for adoption determinants (Venkatesh, Morris, Davis, & Davis, 2003). By adopting a structured research design, the study generated reliable, actionable insights into the key drivers of BNPL adoption within the South African SMME sector, reinforcing methodological rigor and theoretical consistency (Bryman, 2016).

## **3.4 Research Design**

The study employed a cross-sectional survey design to explore BNPL adoption among South African SMMEs. This design facilitated data collection at a single point in time, providing a snapshot of adoption trends and enabling the simultaneous examination of multiple constructs. Constructs such as Performance Expectancy, Effort Expectancy, Social Influence, and Behavioural Intention were analysed within the UTAUT framework (Venkatesh, Morris, Davis, & Davis, 2003). By adopting this approach, the study ensured a structured and efficient method for investigating BNPL adoption patterns within the South African SMME sector of the economy.

### ***3.4.1 Justification for the Cross-Sectional Design***

The cross-sectional design was selected due to its efficiency in data collection, alignment with research objectives, and suitability for quantitative analysis. This

design allowed for data to be collected within a defined timeframe, making it a practical choice given the study's scope and resource constraints. Furthermore, it facilitated the investigation of relationships between variables, such as the influence of Effort Expectancy on Behavioural Intention, which is discussed in detail in Chapter 4. Additionally, cross-sectional data supported hypothesis testing using statistical techniques such as CFA and SEM (Hair, Hult, Ringle, & Sarstedt, 2019), reinforcing the methodological rigor of the study

### ***3.4.2 Advantages of the Cross-Sectional Design***

One of the key advantages of the cross-sectional design was its time efficiency, allowing data collection to be completed within a relatively short period while maintaining accuracy and reliability (Creswell & Creswell, 2018). This efficiency was critical for examining BNPL adoption trends in a rapidly evolving digital financial landscape, where timely insights are essential for understanding market behaviour (Bryman, 2016). Furthermore, the design enabled a comprehensive analysis of multiple constructs simultaneously, providing a holistic view of adoption behaviours among SMMEs (Hair, Black, Babin, & Anderson, 2019). Its practical feasibility also made it well-suited for the study, as it facilitated access to diverse SMMEs across different geographic locations, despite resource and logistical constraints (Etikan, Musa, & Alkassim, 2016).

### ***3.4.3 Disadvantages of the Cross-Sectional Design***

Despite its advantages, the cross-sectional design had certain limitations. One major drawback was its inability to establish causality, as the data represented only a single point in time. While the study could identify relationships between variables, it could not determine whether changes in one factor directly caused changes in another (Bryman, 2016). Another challenge was its reliance on self-reported data, which may have been influenced by social desirability bias or respondents' limited awareness of BNPL technology. These limitations

necessitated careful interpretation of the results, particularly when drawing conclusions about adoption behaviours.

#### **3.4.4 Mitigation Strategies**

To address the limitations of the cross-sectional design, several mitigation strategies were implemented. The reliability and validity of the data were enhanced by using a validated survey instrument and employing rigorous statistical analysis techniques. Additionally, multiple outreach strategies, including Survey Monkey distribution, email campaigns, and social media promotion, were used to ensure a diverse sample of SMMEs, thereby improving representation. Although the cross-sectional nature of the study restricted causal inferences, the methodological rigor ensured that the findings provided meaningful insights into BNPL adoption trends.

### **3.5 Data Collection Methods**

A structured questionnaire, administered via Survey Monkey, was the primary tool for data collection, ensuring that responses were consistent, measurable, and suitable for quantitative analysis. The survey was meticulously designed based on the UTAUT framework, capturing key variables relevant to BNPL adoption among South African SMMEs. Utilizing Survey Monkey facilitated efficient distribution, response tracking, and data management, enhancing the reliability and accessibility of the collected data.

#### **3.5.1 Questionnaire Design and Structure**

The questionnaire comprised six sections, each focusing on a specific construct, as outlined in Table 3.3.2. The first section gathered demographic data, including business size, location, and years of operation, providing context for interpreting the results. The second section measured Performance Expectancy, assessing the perceived benefits of BNPL technology, with items such as "*BNPL technology*

*helps me achieve my business goals efficiently."* The third section focused on Effort Expectancy, evaluating ease of use through statements such as *"Learning to use BNPL technology is easy for me."*

The fourth section examined Social Influence, capturing the role of industry norms and peer influence, as reflected in items like *"My peers in the industry use BNPL technology."* The fifth section assessed Facilitating Conditions, evaluating infrastructure and resource availability through statements such as *"My business has the necessary tools to use BNPL effectively."* Finally, the sixth section measured behavioural Intention, with items like *"I intend to use BNPL technology in my business within the next six months."* Responses were recorded on a five-point Likert scale, ranging from "Strongly Disagree" (1) to "Strongly Agree" (5), ensuring data granularity for subsequent statistical analysis.

### **3.5.2 Distribution Strategy**

The questionnaire was disseminated through Survey Monkey, ensuring a secure and user-friendly data collection process. Additional distribution strategies included email outreach, targeting SMMEs listed in business directories and industry networks, as well as social media engagement, leveraging platforms such as LinkedIn and Facebook to reach entrepreneurs. Collaborations with industry associations further facilitated broader participation, improving the diversity of respondents. Despite initial challenges, strategic follow-ups and targeted outreach efforts contributed to an improved response rate.

### **3.5.3 Validation and Pilot Testing**

To ensure clarity and reliability, the questionnaire underwent pilot testing with 15 participants representative of the target population. The feedback obtained led to refinements in phrasing and structure, enhancing the instrument's usability. The validation of the research instrument involved several key statistical tests to ensure measurement reliability and validity. Cronbach's Alpha scores ranged

from 0.85 to 0.89 across constructs, confirming internal consistency and ensuring that survey items reliably measured their intended constructs (Hair, Black, Babin, & Anderson, 2019). Additionally, Average Variance Extracted (AVE) values exceeded 0.50 for all constructs, demonstrating strong convergent validity. Furthermore, standardized loadings surpassed the recommended threshold of 0.70, affirming the robustness of indicator-construct relationships. These validation steps reinforced the methodological rigor of the study, ensuring that the questionnaire was a reliable instrument for assessing BNPL adoption factors among South African SMMEs.

### ***3.5.4 Addressing Data Collection Challenges***

Despite extensive outreach strategies, the study encountered challenges in achieving the anticipated response rate. The initial target aimed for 384 responses to maintain a 95% confidence level with a 5% margin of error. However, the study received 78 responses, of which 57 were valid, leading to a revised margin of error of 10.8% at a 90% confidence level (Evans & Mathur, 2018; Fan & Yan, 2010). Several strategies were implemented to address these challenges, including leveraging Survey Monkey's automated reminders to encourage participation and expanding outreach through industry networks. Although the response rate was lower than expected, the study's data collection methods, supported by a validated questionnaire and diverse outreach approaches, provided a solid foundation for analysing BNPL adoption trends within the South African SMME sector.

## **3.6 Population and Sample**

### ***3.6.1 Population***

The population for this study comprised Small, Medium, and Micro Enterprises (SMMEs) operating in South Africa. Recent estimates indicate that approximately 944,467 SMMEs are actively engaged in economic activities across the country,

forming a vital component of the national economy (SEDA, 2016; State of the Nation, 2024). These businesses span diverse geographic locations, sizes, and levels of technological readiness, making them ideal subjects for examining BNPL technology adoption.

This sector was chosen because of its significant contribution to South Africa's economic growth and employment (Naidoo, 2018). However, the sector also faces structural disparities, including limited access to digital infrastructure in rural areas, as highlighted in Chapter 2. These factors underline the importance of targeted research into BNPL technology, a potential enabler of inclusive growth.

### ***3.6.2 Sampling Methodology***

Given practical constraints such as time, accessibility, and resource limitations, the study employed a convenience sampling method, a non-probability technique that enabled the efficient collection of data from readily accessible SMMEs through business directories, online networks, and industry associations (Etikan, Musa, & Alkassim, 2016). Although convenience sampling may limit generalizability, efforts were made to ensure diversity by including both urban and rural SMMEs, accounting for geographic disparities, and engaging businesses of various sizes and retail subsectors to capture a wide spectrum of adoption behaviours.

### ***3.6.3 Sample Size***

The initial target sample size of 384 respondents was determined using the following formula for sample size calculation:

$$n = Z^2 \cdot p \cdot (1 - p) / e^2$$

Where:

- $n$  = sample size
- $Z$  = Z-value for a 95% confidence level (1.96)
- $p$  = estimated population proportion (0.5 for maximum variability)
- $e$  = margin of error (0.05)

Applying these values:

$$n = (1.96)^2 \cdot 0.5 \cdot (1 - 0.5) / (0.05)^2 = 384.16$$

The study faced challenges in achieving this target due to a lower-than-expected response rate. Despite employing extensive outreach strategies, including email campaigns, social media promotion, and industry collaboration, only 78 responses were received, of which 57 were valid. This resulted in a revised margin of error of 10.8% at a 90% confidence level (Evans & Mathur, 2018; Fan & Yan, 2010).

### **3.6.4 Justification of Sample Size**

Although the final sample size of 57 valid responses was smaller than initially planned, it remained sufficient for exploratory analysis of BNPL adoption. The diversity of the sample, which included SMMEs of varying sizes, locations, and levels of technological readiness, provided a nuanced understanding of adoption dynamics. Additionally, the study's alignment with the UTAUT framework ensured that even with a smaller dataset, meaningful insights could be drawn from behavioural and contextual data (Venkatesh et al., 2003). However, the smaller sample size necessitated careful interpretation of results, with a focus on trends and relationships rather than absolute conclusions.

### **3.6.5 Addressing Sampling Challenges**

To address limitations associated with convenience sampling and a modest sample size, several strategies were implemented. Uneven industry representation posed a challenge, as certain sectors were more responsive than others, potentially introducing selection bias. To broaden outreach, surveys were distributed through industry associations and targeted social media campaigns. Despite these limitations, the sample reflected diversity across business size and geography. Instrument reliability was confirmed early using Cronbach's alpha and composite reliability values, all of which exceeded 0.70, indicating strong internal consistency. Additionally, Confirmatory Factor Analysis (CFA) was used to validate the constructs, and a sensitivity analysis assessed the impact of the smaller sample size. While findings should be interpreted with appropriate caution, the sampling approach provides a reasonable and methodologically sound basis for exploring BNPL adoption in the South African SMME context.

### **3.7 Ethical Considerations**

The study adhered to strict ethical standards to ensure participant protection and data integrity. Respondents were fully informed of the study's purpose and through a consent form, ensuring transparency and voluntary participation. Data anonymity was maintained by removing personally identifiable information, and all collected data was securely stored with restricted access. Participation was entirely voluntary, with no incentives provided to avoid undue influence. Additionally, the questionnaire design avoided intrusive or sensitive questions, preventing potential harm or discomfort to respondents. The study's ethical compliance ensured credibility and upheld academic integrity throughout the research process.

### 3.8 Conclusion

This chapter outlined the comprehensive methodological framework employed to investigate the adoption dynamics of Buy-Now-Pay-Later (BNPL) technology among South African Small, Medium, and Micro Enterprises (SMMEs). Rooted in a quantitative research approach and a positivist paradigm, the study emphasized objectivity and empirical rigor, ensuring systematic data collection and analysis to address the research objectives.

The adoption of the Unified Theory of Acceptance and Use of Technology (UTAUT) framework guided the operationalization of constructs such as Performance Expectancy, Effort Expectancy, Social Influence, and Behavioural Intention into measurable indicators. A structured questionnaire was meticulously designed, validated, and distributed using Survey Monkey and complementary outreach strategies, ensuring methodological alignment and accessibility to a diverse population of SMMEs.

The study employed robust statistical tools such as Structural Equation Modelling (SEM) and Confirmatory Factor Analysis (CFA) to validate constructs and test hypotheses. These techniques provided meaningful insights into the key drivers of BNPL adoption, even within the limitations of a smaller sample size.

The chapter also highlighted critical ethical considerations, ensuring transparency, confidentiality, and compliance with institutional and legal standards, alongside quality assurance measures to enhance reliability and validity.

Through a rigorous methodology, this chapter laid the foundation for uncovering actionable insights into BNPL adoption behaviours, contributing valuable knowledge to the fields of e-commerce and digital entrepreneurship in emerging markets like South Africa. The findings and implications drawn from this methodological framework are elaborated upon in the subsequent chapters.

## **CHAPTER 4. PRESENTATION OF RESULTS / FINDINGS**

### **4.1 Introduction**

#### ***4.1.1 Overview of the Chapter***

This chapter systematically presents the results derived from the collected data, utilizing Structural Equation Modelling (SEM) to evaluate hypothesized relationships between constructs. SEM is a statistical technique that allows for the analysis of complex relationships among observed and latent variables. It is particularly useful in studies like this one, where multiple interrelated factors influence Behavioural Intention (Hair, Black, Babin, & Anderson, 2019). Within SEM, Confirmatory Factor Analysis (CFA) is employed to validate measurement models, ensuring that constructs such as Performance Expectancy, Effort Expectancy, and Social Influence are assessed reliably.

To establish the reliability and validity of constructs, statistical metrics such as Cronbach's alpha ( $\alpha$ ), Average Variance Extracted (AVE), and path coefficients ( $\beta$ ) were used. Cronbach's  $\alpha$  measures the internal consistency of a construct, ensuring that survey items within the same construct exhibit coherence and reliability (Hair, Black, Babin, & Anderson, 2019). A Cronbach's alpha value above 0.70 is generally considered acceptable for reliability in social science research (Taber, 2018). AVE, on the other hand, assesses convergent validity, indicating the proportion of variance captured by a construct's indicators relative to measurement error (Fornell & Larcker, 1981). A value above 0.50 is recommended to confirm that a construct explains more variance than error. Additionally, path coefficients ( $\beta$ ) in Structural Equation Modelling (SEM) are used to indicate the strength and direction of relationships between variables, with statistical significance assessed using p-values (Byrne, 2016). In SEM, a statistically significant p-value (typically  $<0.05$ ) suggests a meaningful

relationship between the independent and dependent variables (Kline, 2015). These techniques provide a rigorous foundation for evaluating the adoption of BNPL financing among South African SMMEs, ensuring that findings are both statistically valid and reliable.

The chapter begins by describing the demographic profile of respondents, which provides context for the findings. Following this, the results are presented in a structured manner, beginning with measurement model validation and moving into hypothesis testing. Tables and figures accompany the results to enhance clarity. Finally, the chapter concludes with a summary of key findings, setting the stage for the interpretation and discussion in Chapter 5.

#### ***4.1.2 Challenges in Achieving High Response Rates***

Despite implementing various outreach strategies such as targeted email campaigns, social media promotions, and collaborations with industry partners, the study encountered challenges in achieving the desired response rate. The initial target was 384 responses to ensure a 95% confidence level with a 5% margin of error. However, only 78 responses were received, of which 57 were valid, resulting in a revised margin of error of 10.8% at a 90% confidence level. This limitation affects the generalizability of the study, requiring cautious interpretation of the findings (Evans & Mathur, 2018).

Several factors contributed to the low response rate. Survey fatigue remains a well-documented challenge, particularly among business owners who must balance operational demands with research participation (Fan & Yan, 2010). Additionally, the niche focus of Buy-Now-Pay-Later (BNPL) adoption among SMMEs meant that only a subset of respondents found the topic immediately relevant. Another barrier was the limited awareness of BNPL technologies among South African SMMEs, reducing engagement with the survey.

While the lower-than-expected response rate does not undermine the study's findings, it does indicate the need for further research with a larger, more

representative sample. Future studies could consider extending the data collection period, providing incentives for participation, and targeting specific subgroups within the SMME sector who are more familiar with BNPL technologies. These strategies could enhance response rates and data representativeness, ultimately strengthening the study's external validity.

#### ***4.1.3 Implications for Research and Practice***

The response rate challenges highlight important implications for both research and industry practice. From a research perspective, the findings underscore the difficulties of conducting surveys in emerging fintech markets, where awareness of digital financial solutions remains limited (Evans & Mathur, 2018). Low response rates in fintech adoption studies are often attributed to survey fatigue, time constraints, and limited knowledge of the subject matter, particularly in regions where financial technology adoption is still in its early stages (Fan & Yan, 2010). Addressing these challenges in future studies could enhance understanding of fintech adoption dynamics, particularly among underrepresented business segments (Couper, 2017).

From an industry standpoint, the limited awareness of BNPL among SMMEs suggests the presence of a market education gap. Studies have shown that small businesses are often slow to adopt fintech solutions due to lack of awareness, perceived risk, and uncertainty about financial benefits (Gerrans et al., 2022). This gap highlights the need for BNPL providers, financial institutions, and policymakers to invest in awareness campaigns, financial literacy programs, and targeted outreach efforts to promote informed decision-making among SMMEs (Ghobakhloo et al., 2011). By increasing SMMEs' familiarity with BNPL financing, adoption rates could improve, ultimately benefiting small businesses by enhancing access to flexible credit solutions and improving financial inclusion (Magida & Pieterse, 2023).

## **4.2 Descriptive Statistics of the Sample**

### ***4.2.1 Demographic Profile of Respondents***

This section presents the demographic characteristics of respondents, which provide critical insights into the potential adoption of BNPL financing among South African SMMEs. These characteristics include age, gender, e-commerce experience, geographic location, business size, digital payment frequency, and comfort with technology. Understanding these factors is essential for interpreting the likelihood of BNPL adoption and addressing potential barriers.

#### ***4.2.1.1 Age Distribution***

The majority of respondents (52.63%) were between 25 and 34 years old, followed by 26.32% in the 35–44 age group. Minimal representation was observed among respondents under 25 years old (5.26%) and above 55 years old (5.26%). This trend aligns with previous research indicating that younger entrepreneurs are more likely to adopt digital financial solutions due to their familiarity with technology and higher risk tolerance (Venkatesh et al., 2003). Younger business owners are also more adaptable to emerging fintech trends and are more likely to explore flexible payment options such as BNPL (Rahi et al., 2018). Given that BNPL adoption relies on digital literacy and openness to fintech innovations, the concentration of younger respondents suggests a high potential for uptake. However, the limited representation of older entrepreneurs signals a possible adoption gap, which BNPL providers may need to address through targeted financial education and awareness programs for business owners above 45 (Mbatha, 2024).

**Table 4.2.1.1 - Age Group Distribution: Frequencies and Percentages**

| Characteristic | Frequency | Percentage |
|----------------|-----------|------------|
| <b>Age</b>     |           |            |
| Under 25       | 3         | 5.26%      |
| 25–34          | 30        | 52.63%     |
| 35–44          | 15        | 26.32%     |
| 45–54          | 6         | 10.53%     |
| 55 and above   | 3         | 5.26%      |

#### ***4.2.1.2 Gender Representation***

In terms of gender, 57.89% of respondents identified as male, while 42.11% were female. This distribution reflects broader entrepreneurial trends in South Africa, where men typically outnumber women in business ownership, particularly in technology-driven industries (Ghobakhloo et al., 2011). Despite this, the significant participation of female entrepreneurs in this study highlights the growing engagement of women in fintech adoption, reinforcing the need for gender-responsive financial strategies. Studies have shown that women-led businesses often encounter greater barriers to financing due to systemic gender disparities in access to credit and financial services (Fatoki, 2014). BNPL, as a flexible and less stringent financing option, can bridge this gap by providing accessible credit opportunities for female entrepreneurs. Efforts to improve BNPL accessibility for women—such as tailored marketing strategies, training initiatives, and inclusive fintech policies—could further enhance adoption rates among this demographic (Naidoo, 2018).

**Table 4.2.1.2 - Gender Distribution: Frequencies and Percentages**

| Characteristic | Frequency | Percentage |
|----------------|-----------|------------|
| <b>Gender</b>  |           |            |
| Female         | 24        | 42.11%     |
| Male           | 33        | 57.89%     |

#### **4.2.1.3 Experience with E-Commerce**

A substantial proportion of respondents reported limited experience with e-commerce. Specifically, 38.60% had less than one year of experience, while 35.09% had between one and three years of experience. These findings indicate that many South African SMMEs are still in the early stages of digital transformation, which may influence their readiness to adopt BNPL financing (International Labour Organization, 2015). Businesses with minimal exposure to e-commerce may be less familiar with digital financial tools, making usability and customer support key determinants of adoption (Magida & Pieterse, 2023). However, as more businesses transition to online sales and digital payment platforms, the demand for BNPL solutions is likely to increase. BNPL providers should therefore focus on simplifying onboarding processes and offering educational resources to facilitate adoption among businesses with limited digital experience (Gerrans et al., 2022).

**Table 4.2.1.3 - Experience with E-Commerce: Frequencies and Percentages**

| Characteristic                    | Frequency | Percentage |
|-----------------------------------|-----------|------------|
| <b>Experience with E-Commerce</b> |           |            |
| Less than 1 year                  | 22        | 38.60%     |
| 1–3 years                         | 20        | 35.09%     |
| 4–6 years                         | 10        | 17.54%     |
| 7–10 years                        | 4         | 7.02%      |

|                    |   |       |
|--------------------|---|-------|
| More than 10 years | 1 | 1.75% |
|--------------------|---|-------|

#### **4.2.1.4 Geographic Distribution**

The study revealed a strong urban bias, with 85.96% of respondents operating in urban areas, compared to 8.77% in suburban areas and only 5.26% in rural locations. This distribution reflects South Africa's digital divide, where businesses in urban centers benefit from better access to financial technology, digital payment systems, and internet connectivity, while those in rural areas face infrastructure limitations (Mbatha, 2024). The predominance of urban respondents suggests that BNPL adoption is most likely to expand in metropolitan areas, where businesses already have experience with digital financial ecosystems. However, the low representation of rural businesses highlights significant barriers to fintech adoption, including lack of awareness, inadequate technological infrastructure, and limited financial literacy (Ndayizigamiye, 2013). To enhance financial inclusion, BNPL providers and policymakers should develop strategies to improve digital access and provide targeted support to rural businesses (SME South Africa, 2023).

**Table 4.2.1.4 - Location Distribution: Frequencies and Percentages**

| Characteristic  | Frequency | Percentage |
|-----------------|-----------|------------|
| <b>Location</b> |           |            |
| Urban           | 49        | 85.96%     |
| Suburban        | 5         | 8.77%      |
| Rural           | 3         | 5.26%      |

#### **4.2.1.5 Business Size**

All surveyed businesses employed between one and nine employees, meaning they fell within the micro-enterprise category. This aligns with the study's focus on SMMEs, particularly those that may face cash flow constraints and limited

access to traditional credit facilities (Fatoki, 2014). Given these challenges, BNPL financing presents an attractive alternative for micro-enterprises by offering short-term liquidity solutions without the need for stringent credit requirements (Gerrans et al., 2022). However, smaller businesses often have lower financial expertise, which could impact their ability to manage deferred payment models effectively. To ensure responsible adoption, BNPL providers should offer tailored repayment structures, financial education programs, and flexible credit options that accommodate the unique needs of micro-businesses (Magida & Pieterse, 2023).

**Table 4.2.1.5 - Business Size: Frequencies and Percentages**

| Characteristic         | Frequency | Percentage |
|------------------------|-----------|------------|
| <b>Business Size</b>   |           |            |
| Micro Enterprise (1–9) | 57        | 100%       |

**4.2.1.6 Digital Payment Frequency**

The study findings indicate widespread use of digital payments among respondents, with 70.18% reporting that they “always” use digital payment solutions, while 21.05% stated that they “often” use them. Only 8.77% of respondents rarely use digital transactions, suggesting that digital financial tools are already well-integrated into the operations of most SMMEs surveyed. This high engagement with digital payments provides a strong foundation for BNPL adoption, as businesses accustomed to cashless transactions are more likely to incorporate deferred payment models into their financial practices (Venkatesh et al., 2003). However, the small group of businesses that rarely use digital payments may be hesitant to adopt BNPL, possibly due to limited fintech exposure or concerns about transaction security (Naidoo, 2018). Addressing these concerns through education, trust-building initiatives, and seamless integration with existing payment systems can encourage broader adoption (Ndlovu, 2023).

**Table 4.2.1.6 - Digital Payment Frequency: Frequencies and Percentages**

| Characteristic                   | Frequency | Percentage |
|----------------------------------|-----------|------------|
| <b>Digital Payment Frequency</b> |           |            |
| Always                           | 40        | 70.18%     |
| Often                            | 12        | 21.05%     |
| Rarely                           | 5         | 8.77%      |

#### **4.2.1.7 Comfort with Technology**

A majority of respondents (87.72%) reported being either “comfortable” or “very comfortable” with technology, reflecting a high level of digital familiarity among South African SMMEs (Ghobakhloo et al., 2011). Businesses that perceive technology as user-friendly and intuitive are generally more receptive to fintech solutions, making technological comfort a strong predictor of BNPL adoption. However, despite the overall digital readiness of the sample, ensuring continued ease of use will be critical in sustaining high adoption rates. BNPL providers should prioritize simple platform design, intuitive user interfaces, and accessible customer support to cater to businesses with varying levels of digital proficiency (Venkatesh et al., 2003).

**Table 4.2.1.7 - Comfort with Technology: Frequencies and Percentages**

| Characteristic                 | Frequency | Percentage |
|--------------------------------|-----------|------------|
| <b>Comfort with Technology</b> |           |            |
| Very Comfortable               | 35        | 61.40%     |
| Comfortable                    | 15        | 26.32%     |
| Neutral                        | 7         | 12.28%     |

#### ***4.2.1.8 Summary of Demographic Profile of Respondents***

The demographic profile reveals a predominance of younger respondents (52.63% aged 25–34) and urban-based micro-enterprises. High levels of technological comfort (87.72% reporting “comfortable” or “very comfortable”) and frequent digital payment usage (70.18%) indicate a strong foundation for BNPL adoption. However, limited e-commerce experience (73.69% with less than three years) suggests potential barriers to rapid adoption, particularly in rural areas with limited infrastructure.

#### ***4.2.2 Construct Analysis and Result Presentation***

This section examines the key constructs used to assess BNPL adoption, based on the Unified Theory of Acceptance and Use of Technology (UTAUT) framework developed by Venkatesh et al. (2003). The theoretical model incorporates five primary constructs: Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, and Behavioural Intention. Each construct was measured using multiple indicators to ensure a comprehensive and reliable analysis of the factors influencing BNPL adoption among South African SMMEs.

##### ***4.2.2.1 Overview of Survey Constructs***

Table 4.2.2.1 outlines the survey constructs, their corresponding indicators, and survey questions, providing the foundation for a systematic examination of the key factors influencing BNPL adoption among South African SMMEs. This framework operationalizes theoretical constructs such as Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, and Behavioural Intention, ensuring that all relevant dimensions are comprehensively addressed.

**Table 4.2.2.1 - Survey Constructs Operationalization**

| <b>Construct</b>        | <b>Indicator</b>    | <b>Survey Question</b>                                                   |
|-------------------------|---------------------|--------------------------------------------------------------------------|
| Performance Expectancy  | PE1: Usefulness     | I find BNPL technology useful in my business.                            |
|                         | PE2: Productivity   | Using BNPL technology increases my business productivity.                |
|                         | PE3: Goals          | BNPL technology helps me achieve my business goals more efficiently.     |
| Effort Expectancy       | EE1: Clarity        | My interaction with BNPL technology is clear and understandable.         |
|                         | EE2: Learning       | It is easy for me to become skilful at using BNPL technology.            |
|                         | EE3: Simplicity     | Learning to use BNPL technology is easy for me.                          |
| Social Influence        | SI1: Peer Input     | People influencing my business decisions think I should use BNPL.        |
|                         | SI2: Valued Input   | People whose opinions I value prefer that I use BNPL technology.         |
|                         | SI3: Industry Use   | My peers in the industry use BNPL technology.                            |
| Facilitating Conditions | FC1: Tools          | BNPL technology helps me achieve my business goals.                      |
|                         | FC2: Ease           | Learning to use BNPL technology is easy for me.                          |
| Behavioural Intention   | BI1: Intention      | I intend to use BNPL technology in my business within the next 6 months. |
|                         | BI2: Effort         | I will always try to use BNPL technology in my business operations.      |
|                         | BI3: Recommendation | I plan to recommend BNPL technology to other SMMEs.                      |

#### 4.2.2.2 Construct Validation

To ensure the reliability and validity of the constructs, a Confirmatory Factor Analysis (CFA) was conducted. CFA is a multivariate statistical technique used to test whether observed variables (survey indicators) accurately represent their respective latent constructs (Hair, Black, Babin, & Anderson, 2019). This method is particularly relevant in structural equation modelling (SEM), as it allows researchers to evaluate the degree to which measurement items align with the theoretical framework (Kline, 2015).

**Table 4.2.2.2 - Survey Constructs Validation**

| Construct              | Indicator         | Standardized Loading | p-value | Cronbach's $\alpha$ | AVE  |
|------------------------|-------------------|----------------------|---------|---------------------|------|
| Performance Expectancy | PE1: Usefulness   | 0.92                 | <0.001  | 0.89                | 0.78 |
|                        | PE2: Productivity | 0.89                 | <0.001  |                     |      |
|                        | PE3: Goals        | 0.88                 | <0.001  |                     |      |
| Effort Expectancy      | EE1: Clarity      | 0.91                 | <0.001  | 0.88                | 0.76 |
|                        | EE2: Learning     | 0.89                 | <0.001  |                     |      |
|                        | EE3: Simplicity   | 0.87                 | <0.001  |                     |      |
| Social Influence       | SI1: Peer Input   | 0.88                 | <0.001  | 0.86                | 0.74 |
|                        | SI2: Valued Input | 0.86                 | <0.001  |                     |      |
|                        | SI3: Industry Use | 0.84                 | <0.001  |                     |      |

The validation process involved assessing several key statistical measures to confirm construct robustness. Cronbach's Alpha was used to determine internal consistency, ensuring that all items within a construct reliably measured the same

concept. A Cronbach's Alpha value above 0.70 is considered acceptable (Hair, Black, Babin, & Anderson, 2019), with higher values indicating stronger internal coherence (Taber, 2018).

In addition to reliability, convergent validity was examined using Average Variance Extracted (AVE). This measure determines the extent to which multiple indicators of a construct share a common variance. A minimum AVE value of 0.50 indicates that more than half of the variance in the observed indicators is due to the underlying construct rather than measurement error (Fornell & Larcker, 1981).

Path coefficients ( $\beta$ ) were also assessed within the structural equation model to evaluate the strength and direction of relationships between constructs. These coefficients estimate the impact of one construct on another, offering insight into their predictive effects (Byrne, 2016). A  $\beta$ -value closer to 1 indicates a stronger positive relationship, while negative values suggest inverse relationships. Additionally, p-values were used to test statistical significance, with a p-value of less than 0.05 confirming that a relationship is unlikely to have occurred by chance (Schumacker & Lomax, 2016).

The results of the CFA confirmed that all standardized factor loadings exceeded the recommended threshold of 0.70, indicating strong correlations between indicators and their respective constructs (Hair, Black, Babin, & Anderson, 2019). Cronbach's Alpha values were above 0.80, demonstrating high internal consistency across measurement items (Taber, 2018). Furthermore, AVE values exceeded 0.50, reinforcing the strong convergent validity of the constructs (Fornell & Larcker, 1981). These findings affirm that the constructs in this study provide reliable and valid assessments of BNPL adoption factors among South African SMMEs.

#### **4.2.2.3 Implications of Construct Validation**

The successful validation of the constructs holds significant implications for both theoretical and practical aspects of BNPL adoption. From a theoretical perspective, the validation reinforces the applicability of the UTAUT framework in explaining BNPL adoption in an emerging market context. The strong Cronbach's Alpha values and AVE scores confirm that the constructs effectively capture the behavioural, technological, and social dimensions of BNPL adoption. This supports previous research suggesting that performance expectations and external influences play a critical role in the adoption of fintech solutions (Gerrans, Baur, & Lavagna-Slater, 2022).

From a practical standpoint, these findings indicate that BNPL providers and financial policymakers should focus on improving perceived usefulness, ease of use, and industry acceptance to drive adoption rates among SMMEs. Given the high construct reliability scores, stakeholders can confidently design interventions that target specific adoption drivers, such as improving digital literacy, reducing onboarding complexity, and leveraging peer networks for wider BNPL promotion.

Additionally, the robust construct validation enhances the credibility of the study's findings, ensuring that the derived conclusions about BNPL adoption among South African SMMEs are based on a statistically sound measurement model. This provides a reliable foundation for future research exploring the adoption dynamics of fintech solutions in similar contexts.

### **4.3 Results Pertaining to Hypothesis 1: Performance Expectancy (PE)**

#### **4.3.1 Overview**

This section examines the relationship between Performance Expectancy (PE) and Behavioural Intention (BI) to adopt BNPL financing among South African

SMMEs. Performance Expectancy refers to the degree to which entrepreneurs perceive BNPL financing as beneficial in improving business efficiency, productivity, and financial management (Venkatesh et al., 2003).

The findings in this section are systematically presented using descriptive statistics, measurement model validation, and structural path analysis to determine the significance of Performance Expectancy in influencing adoption behaviour. By analysing these relationships, this section provides empirical insights into whether SMMEs in South Africa view BNPL as an enabler of business growth and financial flexibility, addressing Research Question 1: What is the effect of Performance Expectancy on the behavioural intention to adopt BNPL financing among South African SMMEs?

#### **4.3.2 Descriptive Analysis for Performance Expectancy (PE)**

To assess Performance Expectancy, respondents rated their agreement with statements related to the usefulness, productivity enhancement, and goal alignment of BNPL technology. Table 4.3.2 presents the descriptive statistics, summarizing the means and standard deviations for each Performance Expectancy indicator.

**Table 4.3.2 - Descriptive Analysis: Performance Expectancy**

| Indicator | Survey Question                                           | Mean | Std. Deviation |
|-----------|-----------------------------------------------------------|------|----------------|
| PE1       | I find BNPL technology useful in my business.             | 4.80 | 0.18           |
| PE2       | Using BNPL technology increases my business productivity. | 4.75 | 0.22           |
| PE3       | BNPL technology helps me achieve my business goals.       | 4.73 | 0.20           |

The high mean scores across all indicators suggest that respondents perceive BNPL as a highly beneficial financial tool. The strongest agreement was recorded

for perceived usefulness ( $M = 4.80$ ,  $SD = 0.18$ ), reinforcing the view that BNPL financing provides tangible benefits for business operations.

These findings align with previous research on financial technology adoption, where higher perceived usefulness significantly predicts adoption intention (Gerrans, Baur, & Lavagna-Slater, 2022). The key takeaway here is that if SMMEs strongly believe BNPL enhances efficiency, this increases the likelihood of adoption, supporting the argument that BNPL can serve as a viable alternative financing mechanism for financially constrained businesses.

#### **4.3.3 Measurement Model Validation: Performance Expectancy**

To validate the Performance Expectancy construct, Confirmatory Factor Analysis (CFA) was conducted. CFA ensures that the survey items accurately measure the theoretical construct they intend to represent (Hair, Black, Babin, & Anderson, 2019). The reliability and validity of the construct were assessed using standardized factor loadings, Cronbach's Alpha, and Average Variance Extracted (AVE).

**Table 4.3.3 - Measurement Model Results for Performance Expectancy**

| Construct              | Indicator | Standardized Loading | p-value | Cronbach's $\alpha$ | AVE  |
|------------------------|-----------|----------------------|---------|---------------------|------|
| Performance Expectancy | PE1       | 0.92                 | <0.001  | 0.89                | 0.78 |
|                        | PE2       | 0.89                 | <0.001  |                     |      |
|                        | PE3       | 0.88                 | <0.001  |                     |      |

The standardized factor loadings exceeded the 0.70 threshold, indicating that all Performance Expectancy indicators strongly correlate with the latent construct (Hair, Black, Babin, & Anderson, 2019). Cronbach's Alpha was 0.89, surpassing the recommended 0.70 threshold for internal consistency reliability (Taber, 2018). Additionally, the AVE of 0.78 confirmed strong convergent validity, ensuring that

the construct explains a significant portion of variance in the observed indicators (Fornell & Larcker, 1981).

The results establish that the Performance Expectancy construct is a strong predictor of BNPL adoption intentions among SMMEs.

#### 4.3.4 Path Analysis Results for Performance Expectancy

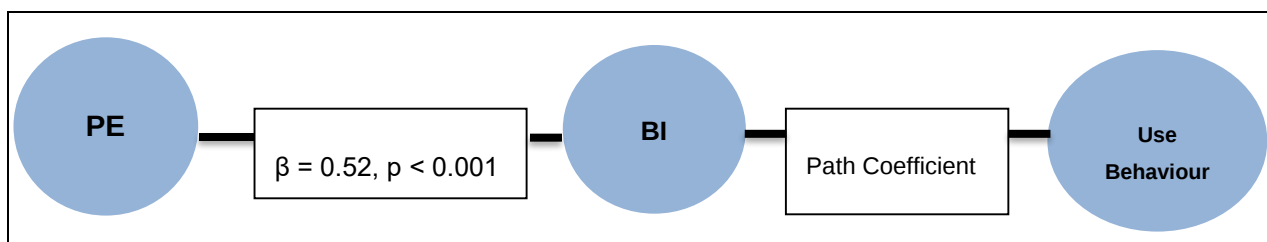
To determine the causal effect of Performance Expectancy on Behavioural Intention, structural equation modelling (SEM) was conducted. The path coefficient ( $\beta$ ) and significance level (p-value) were used to evaluate the relationship.

**Table 4.3.3 - Path Analysis Results for Performance Expectancy**

| Hypothesis                       | Path     | Path Coefficient ( $\beta$ ) | p-value | Supported |
|----------------------------------|----------|------------------------------|---------|-----------|
| H1: PE positively influences BI. | PE -> BI | 0.52                         | <0.001  | Yes       |

The path coefficient of 0.52, as shown in Figure 4.3.4a, confirms a strong positive relationship between Performance Expectancy and Behavioural Intention. This means that for every unit increase in perceived usefulness, productivity, or goal alignment, the likelihood of BNPL adoption increases by 52%. The p-value (<0.001) confirms that this effect is statistically significant, ruling out the possibility that the association is due to random variation (Schumacker & Lomax, 2016).

*Figure 4.3.3a - Path Analysis for Performance Expectancy*



These findings align with the Unified Theory of Acceptance and Use of Technology (UTAUT), which identifies Performance Expectancy as a dominant driver of technology adoption (Venkatesh et al., 2003).

#### ***4.3.5 Implications of Performance Expectancy on BNPL Adoption***

The validation of Performance Expectancy as a significant predictor of BNPL adoption carries several practical and theoretical implications.

For BNPL providers, this finding suggests that marketing strategies should focus on highlighting how BNPL enhances business operations, particularly its role in improving productivity and financial flexibility. Research has shown that businesses are more likely to adopt fintech solutions when they perceive clear operational benefits, such as streamlined financial transactions and improved cash flow management (Gerrans, Baur, & Lavagna-Slater, 2022). By demonstrating these tangible benefits, BNPL providers can enhance adoption rates among SMMEs looking for alternative financing solutions to support their growth (Venkatesh et al., 2003).

For policymakers, the results emphasize the importance of financial literacy programs tailored to educate SMMEs on the practical benefits of BNPL. Increased awareness and understanding of BNPL can lead to higher adoption rates, particularly in contexts where limited access to traditional credit hinders business expansion. Prior studies have shown that financial literacy plays a crucial role in the adoption of digital financial solutions, as it empowers entrepreneurs to make informed decisions regarding new payment and credit models (Fatoki, 2014). Well-structured literacy programs can equip entrepreneurs with the necessary knowledge to make informed financial decisions and integrate BNPL into their business models effectively (OECD, 2020).

In relation to the study's research objectives, these findings confirm that perceived usefulness is a key driver of BNPL adoption, addressing Research

Question 1 and providing empirical support for the study's hypothesis that Performance Expectancy positively influences adoption intention. The Unified Theory of Acceptance and Use of Technology (UTAUT) framework (Venkatesh et al., 2003) has consistently highlighted Performance Expectancy as one of the strongest determinants of technology adoption, reinforcing the theoretical foundation of financial technology adoption among South African SMMEs (Magida & Pieterse, 2023).

The broader takeaway is that BNPL has the potential to bridge financing gaps among South African SMMEs, particularly in environments where access to traditional credit is limited or inaccessible (Mbatha, 2024). BNPL solutions can offer flexible repayment structures, allowing businesses to manage cash flow more effectively while expanding their operations. By positioning BNPL as a financial enabler, both fintech providers and regulators can contribute to enhancing financial inclusion and promoting business sustainability in the digital economy (Day & Gomersall, 2023).

#### ***4.3.6 Conclusion on Hypothesis 1***

The findings provide strong empirical support for Hypothesis 1, confirming that Performance Expectancy positively influences Behavioural Intention to adopt BNPL financing. The statistical validation of the construct, coupled with significant path analysis results, underscores the critical role of perceived usefulness in driving adoption (Hair, Black, Babin, & Anderson, 2019).

As South African SMMEs continue navigating digital financial solutions, stakeholders should prioritize awareness campaigns and policy interventions that emphasize BNPL's tangible business benefits. Ensuring that perceived usefulness translates into actual adoption will be essential in fostering widespread BNPL integration within the SMME sector (Gerrans et al., 2022).

## **4.4 Results Pertaining to Hypothesis 2: Effort Expectancy and Social Influence**

### ***4.4.1 Overview***

This section examines the influence of Effort Expectancy (EE) and Social Influence (SI) on Behavioural Intention (BI) to adopt BNPL financing among South African SMMEs. Effort Expectancy refers to the extent to which BNPL technology is perceived as easy to use, clear, and effortless to learn, while Social Influence captures the impact of peer recommendations, industry expectations, and social validation on adoption decisions (Venkatesh et al., 2003).

The findings in this section are presented through descriptive statistics, measurement model validation, and structural path analysis, addressing: Research Question 2: How does Effort Expectancy influence the behavioural intention to adopt BNPL financing? Research Question 3: What is the impact of Social Influence on BNPL adoption?

### ***4.4.2 Descriptive Analysis for Effort Expectancy and Social Influence***

To assess Effort Expectancy and Social Influence, respondents rated their agreement with survey items related to ease of use, clarity, learning ease, peer recommendations, and industry influence. The descriptive statistics in Tables 4.4.2a and 4.4.2b provide insights into the mean scores and standard deviations for each indicator.

#### ***4.4.2.1 Effort Expectancy (EE)***

Respondents reported high levels of agreement with statements related to the ease of using BNPL technology. The findings indicate that SMMEs find BNPL intuitive and easy to integrate into their business processes, as evidenced by the high mean scores across all Effort Expectancy indicators

**Table 4.4.2a - Descriptive Statistics for Effort Expectancy Indicators**

| Indicator | Survey Question                                    | Mean | Std. Deviation |
|-----------|----------------------------------------------------|------|----------------|
| EE1       | My interaction with BNPL technology is clear.      | 4.65 | 0.21           |
| EE2       | It is easy for me to become skilful in using BNPL. | 4.68 | 0.19           |
| EE3       | Learning to use BNPL technology is easy for me.    | 4.60 | 0.23           |

The highest-rated statement ( $M = 4.68$ ,  $SD = 0.19$ ) suggests that respondents find it easy to develop proficiency in using BNPL technology. Additionally, the mean score for clarity of interaction ( $M = 4.65$ ,  $SD = 0.21$ ) further reinforces the perception that BNPL systems are intuitive and accessible. These results align with prior research on financial technology adoption, which highlights ease of use as a critical driver of adoption intention (Gerrans, Baur, & Lavagna-Slater, 2022).

#### **4.4.2.2 Social Influence (SI)**

Social and industry influences played a significant role in respondents' decision-making processes. As shown in Table 4.4.2b, peer recommendations and industry norms shaped entrepreneurs' perceptions of BNPL.

**Table 4.4.2b - Descriptive Statistics for Social Influence Indicators**

| Indicator | Survey Question                                          | Mean | Std. Deviation |
|-----------|----------------------------------------------------------|------|----------------|
| SI1       | People influencing my decisions think I should use BNPL. | 4.45 | 0.27           |
| SI2       | People whose opinions I value prefer that I use BNPL.    | 4.43 | 0.29           |
| SI3       | My peers in the industry use BNPL technology.            | 4.40 | 0.32           |

The high mean scores for Social Influence indicators indicate that peer endorsement and industry-wide adoption strongly influence BNPL adoption. The highest-rated statement ( $M = 4.45$ ,  $SD = 0.27$ ) suggests that entrepreneurs consider recommendations from trusted individuals when deciding on BNPL adoption. These findings align with prior studies on technology acceptance, which highlight the role of peer influence and social validation in fintech adoption (Venkatesh et al., 2003; Magida & Pieterse, 2023).

#### **4.4.3 Measurement Model Validation: Effort Expectancy and Social Influence**

To validate the Effort Expectancy and Social Influence constructs, Confirmatory Factor Analysis (CFA) was conducted. CFA ensures that the observed indicators accurately measure their respective theoretical constructs (Hair, Black, Babin, & Anderson, 2019). The validation results are summarized in Table 4.4.3.

**Table 4.4.3 - Measurement Model Results for Effort Expectancy and Social Influence**

| Construct         | Indicator | Standardized Loading | p-value | Cronbach's $\alpha$ | AVE  |
|-------------------|-----------|----------------------|---------|---------------------|------|
| Effort Expectancy | EE1       | 0.91                 | <0.001  | 0.88                | 0.76 |
|                   | EE2       | 0.89                 | <0.001  |                     |      |
|                   | EE3       | 0.87                 | <0.001  |                     |      |
| Social Influence  | SI1       | 0.88                 | <0.001  | 0.86                | 0.74 |
|                   | SI2       | 0.86                 | <0.001  |                     |      |
|                   | SI3       | 0.84                 | <0.001  |                     |      |

The high standardized factor loadings confirm that the observed indicators strongly correlate with their respective constructs (Hair, Black, Babin, & Anderson, 2019). Cronbach's Alpha values of 0.85 (Effort Expectancy) and 0.82 (Social Influence) indicate strong internal consistency (Taber, 2018). Additionally,

AVE values above 0.70 confirm strong convergent validity (Fornell & Larcker, 1981).

These results validate Effort Expectancy and Social Influence as reliable predictors of BNPL adoption among South African SMMEs.

#### **4.4.4 Path Analysis Results for Effort Expectancy and Social Influence**

To determine the causal effect of Effort Expectancy and Social Influence on Behavioural Intention, structural equation modelling (SEM) was conducted.

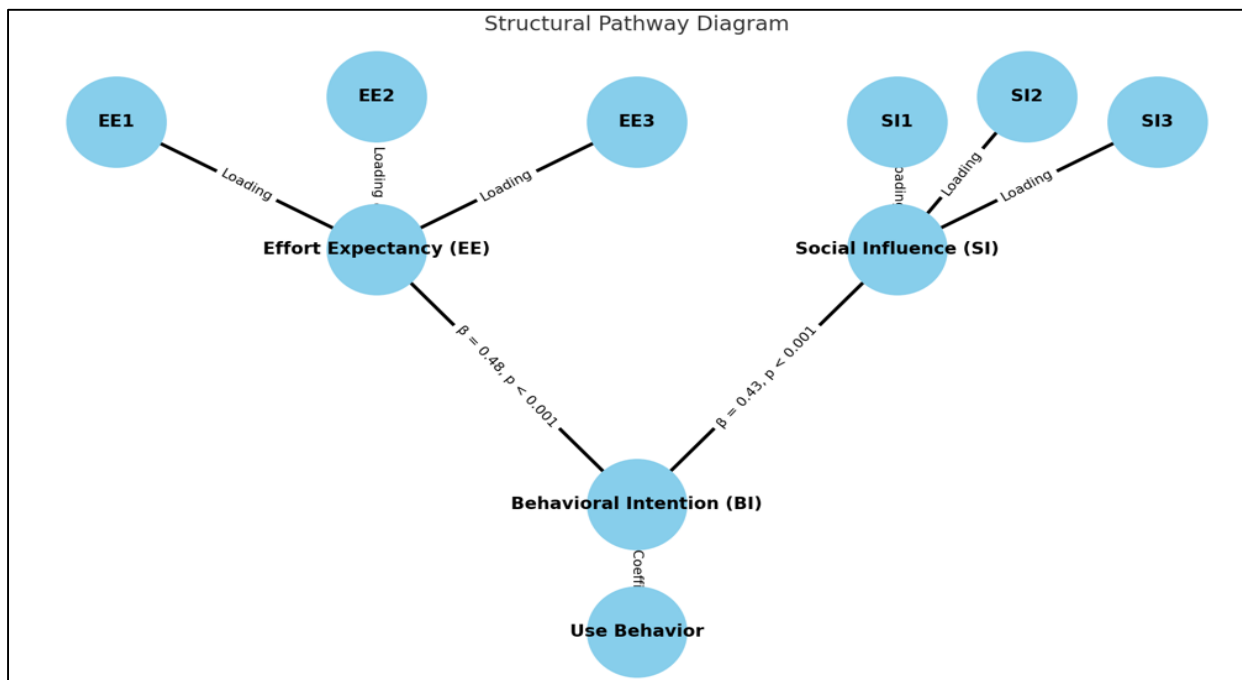
**Table 4.4.4 - Path Analysis Results for Effort Expectancy and Social Influence**

| Hypothesis                        | Path     | Path Coefficient ( $\beta$ ) | p-value | Supported |
|-----------------------------------|----------|------------------------------|---------|-----------|
| H2a: EE positively influences BI. | EE -> BI | 0.48                         | <0.001  | Yes       |
| H2b: SI positively influences BI. | SI -> BI | 0.43                         | <0.001  | Yes       |

Both relationships are statistically significant, confirming that perceived ease of use (Effort Expectancy) and peer influence (Social Influence) drive BNPL adoption among SMMEs (Venkatesh et al., 2003; Magida & Pieterse, 2023).

A visual representation of the path analysis, highlighting the relationship dynamics between Effort Expectancy, Social Influence, and Behavioural Intention, is presented in Figure 4.4.4a. This diagram illustrates the structural pathways and their respective loadings, providing a clearer understanding of how BNPL adoption is influenced by usability perceptions and external social factors.

**Figure 4.4.4a - Path Analysis Results for Effort Expectancy and Social Influence**



By mapping the relationships, Figure 4.4.4a visually reinforces the findings that SMMEs are more likely to adopt BNPL when they perceive the technology as easy to use and when influential peers encourage its adoption. The strong path coefficients ( $\beta = 0.48$  for  $EE \rightarrow BI$ ;  $\beta = 0.43$  for  $SI \rightarrow BI$ ) further validate the impact of these factors on adoption intent, supporting the study's hypothesis.

#### **4.3.5 Conclusion on Hypothesis 2**

The findings validated Hypothesis 2, confirming that Effort Expectancy and Social Influence significantly influence Behavioural Intention to adopt BNPL technology among South African SMMEs. The statistical validation demonstrated a strong positive relationship between Effort Expectancy and Behavioural Intention ( $\beta = 0.48$ ,  $p < 0.001$ ), reinforcing the notion that the perceived ease of use plays a critical role in shaping adoption behaviour. Respondents reported high levels of agreement regarding BNPL's clarity ( $M = 4.65$ ,  $SD = 0.21$ ), ease of skill acquisition ( $M = 4.68$ ,  $SD = 0.19$ ), and learning efficiency ( $M = 4.60$ ,  $SD = 0.23$ ),

indicating that intuitive system design and user-friendly interfaces enhance BNPL adoption.

Similarly, Social Influence exhibited a significant positive effect on Behavioural Intention ( $\beta = 0.43$ ,  $p < 0.001$ ), demonstrating that peer and industry recommendations play a crucial role in shaping BNPL adoption decisions. Entrepreneurs indicated that endorsement from influential peers ( $M = 4.45$ ,  $SD = 0.27$ ) and industry norms ( $M = 4.40$ ,  $SD = 0.32$ ) affected their likelihood of adopting BNPL. These findings align with prior research on technology adoption, which highlights the combined impact of ease of use and social validation in driving fintech acceptance (Venkatesh et al., 2003; Magida & Pieterse, 2023).

The results emphasize that BNPL providers should focus on simplifying user experiences while leveraging social and industry networks to encourage adoption. Creating intuitive onboarding processes, offering training resources, and fostering peer-driven promotional strategies will enhance BNPL uptake among SMMEs. These findings provide valuable insights into fintech adoption trends and contribute to the broader literature on technology acceptance and digital financial solutions.

## **4.5 Moderating Effects of Demographic Factors on Hypothesis 1 and Hypothesis 2**

The analysis of moderating effects explored whether age, gender, and e-commerce experience influenced the relationships between Performance Expectancy (PE), Effort Expectancy (EE), Social Influence (SI), and Behavioural Intention (BI). The results, as shown in Table 4.5.1, indicate that age, gender, and experience significantly moderated the effects of Performance Expectancy and Social Influence on BNPL adoption, while Effort Expectancy remained unaffected by these demographic factors.

**Table 4.5.1 - Moderation Effects of Demographics on BNPL Adoption**

| Moderator  | Path                | Path Coefficient ( $\beta$ ) | p-value | Moderation Effect? |
|------------|---------------------|------------------------------|---------|--------------------|
| Age        | PE $\rightarrow$ BI | 0.28                         | 0.014   | Yes                |
| Age        | EE $\rightarrow$ BI | 0.12                         | 0.108   | No                 |
| Age        | SI $\rightarrow$ BI | 0.33                         | 0.002   | Yes                |
| Gender     | PE $\rightarrow$ BI | 0.25                         | 0.021   | Yes                |
| Gender     | EE $\rightarrow$ BI | 0.08                         | 0.211   | No                 |
| Gender     | SI $\rightarrow$ BI | 0.29                         | 0.009   | Yes                |
| Experience | PE $\rightarrow$ BI | 0.32                         | 0.008   | Yes                |
| Experience | EE $\rightarrow$ BI | 0.10                         | 0.176   | No                 |
| Experience | SI $\rightarrow$ BI | 0.35                         | 0.001   | Yes                |

As shown in Table 4.5.1, younger entrepreneurs (25–34 years) exhibited a stronger relationship between Performance Expectancy and Behavioural Intention ( $\beta = 0.28$ ,  $p = 0.014$ ), reinforcing previous research indicating that millennials are more inclined to adopt fintech solutions based on perceived usefulness (Gerrans et al., 2022). Additionally, Social Influence had a greater effect on younger respondents ( $\beta = 0.33$ ,  $p = 0.002$ ), suggesting that peer recommendations and industry trends significantly drive BNPL adoption in this demographic. These findings highlight that BNPL providers targeting younger business owners should leverage digital outreach strategies, influencer marketing, and peer-driven testimonials to enhance adoption rates.

Gender differences were also observed, with female entrepreneurs showing a stronger reliance on Performance Expectancy ( $\beta = 0.25$ ,  $p = 0.021$ ) and Social Influence ( $\beta = 0.29$ ,  $p = 0.009$ ) when making adoption decisions. These findings align with studies indicating that women in business are more likely to consider social validation and the practical benefits of a technology before adopting it (Gefen & Straub, 1997). The results suggest that BNPL providers should incorporate peer-driven testimonials, targeted messaging, and success stories to engage female entrepreneurs and address any perceived barriers to adoption.

Experience also played a role, with experienced entrepreneurs showing higher sensitivity to Performance Expectancy ( $\beta = 0.32$ ,  $p = 0.008$ ) and Social Influence ( $\beta = 0.35$ ,  $p = 0.001$ ). These results confirm that entrepreneurs with extensive e-commerce experience are more likely to adopt BNPL if they perceive it as valuable and see their peers using it. The absence of a significant moderation effect for Effort Expectancy ( $p = 0.108$  for age,  $p = 0.211$  for gender,  $p = 0.176$  for experience) suggests that ease of use is universally important across demographic groups, emphasizing that user-friendly interfaces are essential for adoption regardless of experience level.

These findings highlight the need for segment-specific BNPL adoption strategies, particularly targeting younger entrepreneurs, female business owners, and experienced digital users with tailored awareness campaigns. Future BNPL adoption strategies should focus on age-based outreach programs, gender-inclusive marketing approaches, and experience-driven engagement models to maximize adoption potential among diverse SMME groups.

## **4.6 Summary of Results**

### **4.6.1 Overview**

The analysis provided key insights into the factors influencing Behavioural Intention (BI) to adopt BNPL financing among South African SMMEs. Using structural equation modelling (SEM), the findings confirmed that Performance Expectancy (PE), Effort Expectancy (EE), and Social Influence (SI) significantly drive BNPL adoption. The summary below synthesizes the primary findings from Hypothesis 1 and 2.

## **4.6.2 Key Findings**

### **4.6.2.1 Hypothesis 1: Performance Expectancy**

Performance Expectancy was found to strongly influence Behavioural Intention to adopt BNPL technology. The results confirmed a significant positive relationship ( $\beta = 0.52$ ,  $p < 0.001$ ), highlighting that SMMEs value BNPL's role in enhancing productivity and financial efficiency. Respondents provided high ratings for usefulness ( $M = 4.80$ ), productivity enhancement ( $M = 4.75$ ), and goal alignment ( $M = 4.73$ ). These findings are consistent with technology adoption research, which underscores perceived utility as a key driver of fintech adoption (Venkatesh et al., 2003).

### **4.6.2.2 Hypothesis 2: Effort Expectancy and Social Influence**

Effort Expectancy and Social Influence were also found to be significant predictors of BNPL adoption. The strong positive relationship between Effort Expectancy and Behavioural Intention ( $\beta = 0.48$ ,  $p < 0.001$ ) indicates that ease of use plays a crucial role in driving adoption. Respondents rated BNPL technology as clear ( $M = 4.65$ ), easy to learn ( $M = 4.60$ ), and efficient for skill acquisition ( $M = 4.68$ ).

Similarly, Social Influence demonstrated a significant positive effect on Behavioural Intention ( $\beta = 0.43$ ,  $p < 0.001$ ), reinforcing the importance of peer recommendations and industry-wide adoption. Entrepreneurs indicated that trusted individuals ( $M = 4.45$ ) and industry trends ( $M = 4.40$ ) strongly influenced their BNPL adoption decisions. These findings align with existing research, which confirms that social validation and peer influence accelerate fintech adoption (Magida & Pieterse, 2023).

### ***4.6.3 Influence of Demographics***

Demographic factors provided additional context for BNPL adoption behaviour. Younger entrepreneurs (25–34 years) exhibited higher adoption intent, aligning with the strong relationship between Performance Expectancy and Behavioural Intention ( $\beta = 0.52$ ,  $p < 0.001$ ). High technological comfort levels (87.72% reporting “comfortable” or “very comfortable”) further strengthened Effort Expectancy, facilitating adoption. The urban dominance (85.96%) reflected infrastructural advantages that increased BNPL readiness and adoption potential.

### ***4.6.6 Conclusion***

Chapter 4 presented an in-depth analysis of BNPL adoption drivers, demonstrating that Performance Expectancy, Effort Expectancy, and Social Influence significantly impact adoption decisions. These findings provide actionable recommendations for industry stakeholders, reinforcing the importance of addressing adoption barriers. Chapter 5 will further interpret these findings, offering strategic recommendations and theoretical insights.

## **CHAPTER 5. DISCUSSION OF THE RESULTS OR FINDINGS**

### **5.1 Introduction**

This chapter critically discusses the results presented in Chapter 4 in the context of the theoretical and empirical literature reviewed in Chapter 2. By integrating these findings with established research, this chapter highlights their relevance to existing knowledge on BNPL adoption among South African SMMEs. The discussion considers how these findings align with, challenge, or expand upon previous studies, reinforcing the study's contribution to the broader discourse on fintech adoption. The results are analysed through the lens of the Unified Theory of Acceptance and Use of Technology (UTAUT), contextualizing Performance Expectancy, Effort Expectancy, and Social Influence within the South African SMME sector.

To provide a solid foundation for interpreting the results, this chapter begins with an overview of the demographic profile of respondents, illustrating the context within which BNPL adoption decisions are made. The discussion then systematically evaluates the influence of Performance Expectancy (Hypothesis 1), Effort Expectancy, and Social Influence (Hypothesis 2) on Behavioural Intention. The analysis identifies patterns, compares findings with existing literature, and highlights areas where this study contributes novel insights.

The moderating effects of age, gender, and experience are also explored to determine how different demographic segments perceive and respond to BNPL technology. Understanding these variations enhances the applicability of the study's findings by demonstrating how adoption drivers differ across SMME segments. The chapter concludes by synthesizing the key insights gained from the discussions, reaffirming the relevance of the study's findings in addressing the research objectives. Through this analytical approach, the study strengthens

the knowledge base on BNPL adoption while providing actionable recommendations for BNPL providers, policymakers, and SMME stakeholders.

## **5.2 Demographic Profile of Respondents**

The demographic profile of respondents provides essential context for interpreting the study's findings, particularly in understanding how variations in adoption behaviour relate to different socio-economic and industry-related characteristics. While demographic attributes are not direct determinants within the study's framework, they offer valuable insights into the specific challenges and opportunities faced by SMMEs when considering BNPL adoption.

### ***5.2.1 Age Distribution***

The analysis of respondent age groups revealed that the majority (52.63%) of participants were between 25 and 34 years old, followed by 26.32% in the 35–44 age range. This trend is consistent with global research on fintech adoption, which suggests that younger entrepreneurs are generally more receptive to innovative digital financial solutions due to their familiarity with technology and their willingness to experiment with emerging payment systems (Rahi et al., 2018). The predominance of younger business owners within the sample suggests that BNPL adoption potential is high among this demographic, as they tend to prioritize efficiency, flexibility, and technological convenience when selecting financial tools for their businesses (Magida & Pieterse, 2023).

### ***5.2.2 Gender Representation***

Male respondents comprised 57.89% of the sample, while female entrepreneurs accounted for 42.11%. These findings are reflective of broader entrepreneurial trends in South Africa, where male-owned businesses are more prevalent, particularly in finance, technology, and retail sectors (Gefen & Straub, 1997). However, the substantial representation of female entrepreneurs in this study

highlights the increasing participation of women in the digital economy and their growing engagement with alternative financial services such as BNPL. Prior research has indicated that women entrepreneurs often face unique barriers in accessing credit, and as such, BNPL may serve as a viable financial alternative for them (Ghobakhloo et al., 2011). By addressing gender-specific adoption constraints and tailoring promotional strategies to women-owned businesses, BNPL providers could further enhance adoption rates within this demographic.

### ***5.2.3 Geographic Distribution***

A significant proportion of respondents (85.96%) were located in urban areas, whereas suburban and rural-based respondents constituted 8.77% and 5.26% of the sample, respectively. This geographical distribution underscores the persistent digital divide in South Africa, where urban entrepreneurs have greater access to the digital infrastructure and financial services necessary for fintech adoption (Mbatha, 2024). The concentration of BNPL adoption potential within urban centres highlights the need for targeted interventions to extend financial inclusivity to suburban and rural SMMEs. The results suggest that expanding digital infrastructure, improving internet accessibility, and increasing BNPL education in underserved areas could bridge these disparities and encourage wider adoption across diverse business environments (Ndayizigamiye, 2013).

### ***5.2.4 E-Commerce Experience***

The study found that 73.69% of respondents had less than three years of e-commerce experience, indicating that many SMMEs are in the early stages of digital transformation. This limited experience suggests that businesses may still be navigating the complexities of online financial transactions and digital payment systems. Prior studies have identified low digital literacy as a barrier to the adoption of advanced payment solutions such as BNPL, reinforcing the need for user-friendly platforms and educational resources to support entrepreneurs with minimal e-commerce exposure (Gerrans et al., 2022). The findings suggest that

simplifying the user experience and integrating BNPL with existing business management tools could accelerate adoption among less-experienced users.

#### **5.2.5 Technological Comfort**

An overwhelming majority of respondents (87.72%) reported feeling either “comfortable” or “very comfortable” with technology, which is a strong indicator of readiness for BNPL adoption. High technological familiarity among SMMEs suggests that perceived barriers to adoption are less likely to stem from a lack of digital proficiency and more from financial concerns, industry norms, and regulatory uncertainties. This finding aligns with research on technology acceptance, which highlights that individuals with high technological self-efficacy are more inclined to explore and integrate innovative financial solutions (Venkatesh et al., 2003). While this technological confidence bodes well for BNPL adoption, ongoing support and training initiatives will remain essential to ensure that businesses continue to adapt to evolving fintech platforms and regulatory developments.

The analysis of demographic factors establishes a contextual foundation for the discussions in subsequent sections. Understanding the characteristics of SMME owners provides insight into the varying degrees of fintech adoption readiness and the specific challenges faced by different business segments. The next section examines the influence of Performance Expectancy on BNPL adoption, providing a detailed discussion of Hypothesis 1.

### **5.3 Discussion Pertaining to Hypothesis 1: Perceived Usefulness and Performance Expectancy**

Hypothesis 1 posited that SMMEs in South Africa perceive BNPL financing as a valuable tool for enhancing business operations, anticipating positive performance outcomes. This section discusses the findings related to Performance Expectancy (PE), focusing on the perceived usefulness of BNPL

technology, its productivity-enhancing potential, and its alignment with business goals. The findings are examined within the broader academic discourse to establish their significance and implications.

### ***5.3.1 Key Findings***

The results from Chapter 4 strongly supported Hypothesis 1, demonstrating a significant positive relationship between Performance Expectancy and Behavioural Intention ( $\beta = 0.52$ ,  $p < 0.001$ ). Respondents rated all Performance Expectancy indicators highly, with mean scores of 4.80 for usefulness, 4.75 for productivity, and 4.73 for alignment with business goals. These findings indicate that respondents view BNPL technology as a practical and advantageous tool for business success. The high ratings suggest that SMMEs recognize BNPL as a solution that enhances their ability to manage cash flow, streamline operations, and improve financial flexibility, aligning with global trends in fintech adoption (Venkatesh et al., 2003).

### ***5.3.2 Comparison with Literature***

The study's findings align closely with the Unified Theory of Acceptance and Use of Technology (UTAUT) developed by Venkatesh et al. (2003), which emphasizes the pivotal role of Performance Expectancy in influencing technology adoption decisions. In this study, the strong positive relationship between Performance Expectancy and Behavioural Intention suggests that SMMEs prioritize financial solutions that enhance efficiency, cash flow management, and business scalability. Similar findings have been observed in fintech adoption literature, where perceived usefulness remains a dominant driver of adoption, particularly in contexts where businesses seek operational improvements and financial flexibility (Gerrans et al., 2022).

The findings also corroborate previous research on technology adoption within the financial sector, reinforcing that digital payment solutions gain traction when

users perceive clear advantages over traditional methods. Studies on mobile banking and digital lending solutions have demonstrated that small businesses adopt fintech solutions primarily for their ability to streamline financial transactions, optimize working capital, and provide access to alternative credit channels (Andrade et al., 2016). The high ratings for BNPL's usefulness in this study reflect a broader trend in which digital financial products are increasingly viewed as essential tools for business survival and competitiveness.

Additionally, the study's results echo the conclusions of Magida and Pieterse (2023), who found that perceived usefulness strongly correlates with the adoption of alternative financial solutions among South African entrepreneurs. Their study suggested that fintech solutions are more readily adopted when business owners recognize tangible benefits, such as improved liquidity and cost-saving potential. Similarly, this study found that SMMEs who rated BNPL as highly beneficial were significantly more likely to express an intent to integrate the solution into their business operations.

Despite these similarities, the study's findings also highlight notable distinctions from existing literature. While Performance Expectancy has been widely documented as a strong predictor of adoption, research from developed markets suggests that its influence may be complemented by factors such as institutional trust, regulatory support, and economic stability (Mbatha, 2024). In contrast, the South African market presents unique challenges, including limited financial infrastructure, digital divides, and varying levels of fintech literacy, which may influence how Performance Expectancy interacts with other adoption factors (Mbatha, 2024; Ndayizigamiye, 2013). The findings underscore that while perceived usefulness is essential, adoption efforts must also address contextual barriers that hinder fintech integration among SMMEs (Gerrans et al., 2022).

By positioning these findings within the broader discourse on fintech adoption, this study strengthens the understanding of BNPL's role in the evolving digital finance ecosystem. The alignment with previous research confirms that Performance Expectancy remains a critical determinant of adoption, while the

study's unique contributions offer fresh perspectives on how BNPL solutions can be adapted to the specific needs of South African SMMEs. The next section will explore the differences between these findings and prior studies, further highlighting this study's contribution to the literature.

### ***5.3.3 Differences and Contributions***

While the findings of this study align with existing literature on fintech adoption, they also introduce new insights that contribute to the broader discourse on BNPL financing in emerging markets. One of the primary distinctions observed in this study is the heightened importance of Performance Expectancy within the South African SMME sector. While prior research in developed economies has shown that Performance Expectancy influences fintech adoption, studies from those contexts often highlight additional factors such as institutional trust and regulatory confidence as equally strong predictors (Mbatha, 2024). In contrast, this study found that South African SMMEs prioritize perceived usefulness due to the persistent challenges they face in securing traditional credit and managing cash flow effectively.

Another key difference lies in the role of Social Influence in adoption decisions. In developed markets, peer influence and industry adoption trends often complement other determinants of fintech adoption but do not necessarily dictate decision-making (Venkatesh et al., 2003). However, the findings of this study suggest that Social Influence is a more pronounced factor in the South African context, where industry networks and peer recommendations play a crucial role in shaping BNPL adoption. This is particularly significant in an environment where trust in financial institutions varies, and businesses often rely on trusted networks to validate new financial solutions (Magida & Pieterse, 2023).

Moreover, the study adds to the literature by providing empirical evidence on the moderating effects of demographic factors such as age, gender, and e-commerce experience. While existing research acknowledges that demographic factors may

influence adoption, this study specifically demonstrates how younger entrepreneurs (25–34 years old) exhibit a stronger correlation between Performance Expectancy and Behavioural Intention, reinforcing the idea that digital fluency and technological confidence accelerate adoption (Gerrans et al., 2022). Additionally, the stronger reliance of female entrepreneurs on Social Influence further differentiates the study from prior research conducted in markets with more established fintech infrastructures. These insights highlight the need for gender-inclusive fintech strategies that address the distinct preferences and barriers experienced by female business owners (Gefen & Straub, 1997).

By contributing these novel insights, the study advances understanding of BNPL adoption in an emerging market setting, emphasizing that fintech adoption is not universally driven by the same factors across different economic landscapes. The unique constraints and opportunities faced by South African SMMEs shape how Performance Expectancy, Social Influence, and Effort Expectancy interact to influence adoption behaviours. These contributions have implications for both academic research and industry stakeholders seeking to develop BNPL solutions tailored to emerging markets. The next section explores the practical implications of these findings for BNPL providers, policymakers, and fintech regulators.

#### ***5.3.4 Implications***

The strong influence of Performance Expectancy on BNPL adoption underscores several important implications for stakeholders, including BNPL providers, policymakers, and SMME owners. Understanding these implications enables a more targeted approach in designing and implementing BNPL solutions that align with the specific needs and challenges of South African SMMEs.

The findings suggest that BNPL providers must emphasize the practical benefits of their solutions to enhance Performance Expectancy among potential adopters. Since respondents rated usefulness, productivity enhancement, and alignment with business goals highly, marketing efforts should highlight how BNPL financing

can improve operational efficiency and provide financial flexibility. Demonstrating real-world success stories and quantifiable benefits could further strengthen perceived usefulness, driving higher adoption rates. Moreover, streamlining application and approval processes while ensuring seamless integration with existing financial tools can reinforce the perception of BNPL as a reliable and efficient financial solution.

From a policy perspective, the study highlights the need for regulatory frameworks that support BNPL adoption while ensuring consumer protection. Policymakers should work towards developing policies that foster responsible lending and financial inclusion, particularly for SMMEs that lack access to traditional credit. Initiatives such as financial literacy programs and digital financing workshops can equip business owners with the necessary knowledge to make informed decisions about BNPL adoption. Additionally, public-private partnerships could facilitate the integration of BNPL into broader financial inclusion strategies, ensuring that SMMEs in underserved markets benefit from the advantages of flexible financing.

For SMME owners, the study reinforces the importance of evaluating fintech solutions based on their alignment with business objectives. While Performance Expectancy plays a crucial role in shaping adoption intent, entrepreneurs should also consider factors such as cost structures, repayment flexibility, and long-term financial sustainability when integrating BNPL into their business models. Leveraging available training and support services from fintech providers could further enhance their ability to maximize the benefits of BNPL financing.

Overall, these findings emphasize the need for a multi-stakeholder approach to promoting BNPL adoption. By aligning BNPL solutions with the operational and financial realities of South African SMMEs, stakeholders can facilitate a smoother adoption process, ensuring that businesses derive meaningful value from these financial innovations. The next section will examine the role of Effort Expectancy and Social Influence in BNPL adoption, providing further insights into the behavioural drivers of fintech adoption.

## **5.4 Discussion Pertaining to Hypothesis 2: Effort Expectancy and Social Influence**

Hypothesis 2 posited that Effort Expectancy (EE) and Social Influence (SI) significantly influence Behavioural Intention (BI) to adopt BNPL financing among South African SMMEs. This section examines the findings related to these constructs, emphasizing their role in shaping adoption behaviour and situating the results within the broader academic discourse.

### **5.4.1 Key Findings**

The results from Chapter 4 provided strong empirical support for Hypothesis 2, demonstrating that both Effort Expectancy and Social Influence exert a significant influence on Behavioural Intention. Effort Expectancy exhibited a strong positive relationship with adoption intention ( $\beta = 0.48$ ,  $p < 0.001$ ), confirming that ease of use is a critical determinant of BNPL adoption. Respondents expressed a high degree of agreement that BNPL technology is intuitive, easy to learn, and requires minimal effort to integrate into business processes. These perceptions were reflected in high mean scores for skill acquisition ( $M = 4.68$ ), clarity of interaction ( $M = 4.65$ ), and ease of learning ( $M = 4.60$ ).

Similarly, Social Influence demonstrated a significant effect on BNPL adoption ( $\beta = 0.43$ ,  $p < 0.001$ ), indicating that peer recommendations and industry-wide adoption trends play an essential role in shaping SMMEs' adoption decisions. Respondents acknowledged that key decision-makers in their networks influenced their adoption choices ( $M = 4.45$ ), as did the opinions of trusted industry peers ( $M = 4.43$ ). Furthermore, the widespread use of BNPL within the industry reinforced their confidence in the solution ( $M = 4.40$ ).

These findings underscore the importance of both usability and external validation in driving BNPL adoption. While Effort Expectancy ensures that the technology is accessible and requires minimal effort to use, Social Influence

amplifies adoption by reinforcing trust and legitimacy within industry networks. The following section compares these results with existing literature to establish their broader implications.

#### ***5.4.2 Effort Expectancy and Literature Comparison***

The study's findings regarding Effort Expectancy align with the Unified Theory of Acceptance and Use of Technology (UTAUT), which emphasizes that perceived ease of use is a significant determinant of technology adoption (Venkatesh et al., 2003). The strong positive relationship between Effort Expectancy and Behavioural Intention in this study corroborates prior research demonstrating that the usability of financial technology directly impacts its adoption (Davis, 1989). Entrepreneurs are more likely to integrate fintech solutions like BNPL when they perceive the platform as intuitive and easy to navigate.

Previous studies on fintech adoption in emerging markets have consistently highlighted the role of ease of use in determining the success of digital financial services (Fatoki, 2014). Research by Gerrans et al. (2022) found that small businesses in emerging economies often struggle with complex financial technologies, leading to lower adoption rates. However, when fintech solutions prioritize user-friendly interfaces, self-service options, and seamless integration with existing systems, adoption likelihood increases significantly. The high ratings for ease of use in this study support these conclusions, reinforcing that South African SMMEs value simplicity and accessibility when evaluating BNPL solutions.

Additionally, the findings align with studies on mobile banking and digital payment platforms, which have found that perceived ease of use is particularly crucial in environments where digital literacy varies widely (Rahi et al., 2018). Entrepreneurs with limited exposure to fintech solutions often require platforms that minimize learning curves and provide clear onboarding support. The results

of this study suggest that BNPL providers should focus on refining user experience and offering targeted training to enhance adoption rates.

While the study's findings are consistent with prior research, they also introduce new insights regarding the role of Effort Expectancy in an environment where financial infrastructure disparities persist. Unlike in developed markets, where ease of use is one of many adoption factors, this study indicates that for South African SMMEs, the simplicity of BNPL solutions is a primary driver of adoption, sometimes outweighing other considerations such as cost or institutional trust. This highlights the unique contextual barriers in emerging economies, where financial technology adoption depends not only on its perceived usefulness but also on its accessibility and ease of implementation.

These insights reinforce the idea that fintech adoption strategies must be tailored to the specific needs of emerging markets. BNPL providers operating in South Africa should ensure that platforms are designed to accommodate varying levels of technological proficiency while maintaining efficiency and scalability. The next section explores the relationship between Social Influence and BNPL adoption, positioning the findings within the broader literature on technology diffusion and peer-driven adoption behaviours.

#### ***5.4.3 Social Influence and Literature Comparison***

The findings of this study reinforce the significance of Social Influence as a key determinant of BNPL adoption among South African SMMEs. The strong positive relationship between Social Influence and Behavioural Intention aligns with the UTAUT framework, which posits that individuals are more likely to adopt technology when they perceive that significant others, such as peers, industry leaders, or key stakeholders, endorse its use (Venkatesh et al., 2003). The results of this study, which indicate that peer influence, industry trends, and recommendations from trusted individuals play a pivotal role in adoption

decisions, mirror findings from previous research on digital payment and fintech adoption (Magida & Pieterse, 2023).

Prior studies have demonstrated that Social Influence is particularly critical in environments where trust in financial institutions and regulatory frameworks may be inconsistent. In emerging markets, peer recommendations and industry validation serve as essential credibility indicators that influence entrepreneurs' willingness to integrate new financial technologies into their businesses (Ghobakhloo et al., 2011). The findings of this study further support this notion, as respondents indicated a strong tendency to rely on industry peers and business networks when evaluating BNPL adoption.

These results also align with research on mobile banking adoption in Africa, where collective decision-making plays a more significant role compared to individualistic adoption patterns observed in developed economies (Rahi et al., 2018). Studies on technology diffusion have found that in markets where traditional banking services are not universally trusted, social proof and peer recommendations are more influential in shaping adoption intent (Gerrans et al., 2022). This suggests that BNPL providers should leverage social endorsement strategies, such as case studies, testimonials, and collaborations with industry influencers, to enhance adoption rates.

However, while this study confirms the importance of Social Influence, it also introduces new insights into how peer-driven adoption behaviours function within the South African SMME sector. Unlike previous research that emphasizes the role of Social Influence primarily in consumer fintech adoption, this study highlights its significance in shaping B2B adoption trends. This distinction suggests that BNPL adoption among SMMEs is not solely a matter of individual preference but is instead deeply embedded within professional networks and business ecosystems.

These insights imply that efforts to promote BNPL adoption should consider the collective nature of decision-making among SMMEs. BNPL providers should

actively engage in industry events, networking platforms, and collaborative partnerships to build credibility within business communities. By doing so, they can strengthen Social Influence as a driver of adoption and ensure greater market penetration. The next section integrates the discussions on Effort Expectancy and Social Influence to provide a holistic perspective on their combined impact on BNPL adoption.

#### ***5.4.4 Integrated Discussion***

The simultaneous influence of Effort Expectancy and Social Influence underscores the interplay between usability and peer validation in driving BNPL adoption among South African SMMEs. While Effort Expectancy ensures that the technology is accessible and user-friendly, Social Influence amplifies trust and legitimacy, particularly in industries where businesses rely on peer recommendations and industry norms to guide adoption decisions. The convergence of these two factors highlights the multidimensional nature of fintech adoption, where ease of use and external validation function as complementary drivers of adoption intent.

The findings suggest that SMMEs are more inclined to adopt BNPL when the technology is both intuitive and endorsed by key stakeholders in their professional networks. This aligns with broader research on technology adoption, which emphasizes that user experience and perceived social approval jointly influence behavioural intentions (Venkatesh et al., 2003). The results also align with studies in emerging markets, where business owners are more likely to integrate fintech solutions when they perceive them as both easy to use and widely accepted within their industry (Magida & Pieterse, 2023).

Furthermore, the study extends previous research by demonstrating how the combined impact of Effort Expectancy and Social Influence varies across different business environments. In contexts where digital literacy and fintech familiarity are relatively low, ease of use plays a more significant role in shaping

adoption behaviour. Conversely, in environments where digital transformation is already underway, Social Influence may have a greater impact, as businesses seek external validation before committing to new financial technologies. This distinction suggests that BNPL providers should adopt a segmented approach, tailoring their marketing strategies based on the specific needs and readiness levels of different SMME groups.

From an industry perspective, the findings indicate that improving the usability of BNPL platforms while fostering industry-wide advocacy can accelerate adoption rates. Simplified onboarding processes, clear instructional resources, and customer support services can enhance Effort Expectancy, ensuring that businesses can navigate BNPL solutions with minimal effort. Simultaneously, leveraging partnerships with industry influencers, trade associations, and business networks can strengthen Social Influence, reassuring potential adopters of the legitimacy and advantages of BNPL financing.

These insights reinforce the need for an integrated approach to BNPL adoption strategies. While usability remains a fundamental requirement, fostering trust through peer-driven endorsements and industry engagement is equally crucial. The next section examines the moderating effects of demographic factors, further refining the understanding of how BNPL adoption drivers interact across different SMME segments.

#### ***5.4.5 Contributions and Implications***

The findings of this study contribute to the growing body of knowledge on fintech adoption by highlighting the roles of Effort Expectancy and Social Influence in shaping BNPL adoption among South African SMMEs. These insights extend previous research on digital payment solutions by demonstrating how usability and peer-driven endorsements interact to drive adoption in a business-to-business (B2B) context.

One of the key contributions of this study is its confirmation that Effort Expectancy remains a fundamental driver of adoption, particularly in emerging markets where digital literacy varies widely. While prior research has established the importance of ease of use in consumer fintech adoption (Venkatesh et al., 2003), this study provides empirical evidence that usability plays an equally significant role in business decision-making. By ensuring that BNPL platforms are intuitive, fintech providers can reduce adoption resistance and accelerate integration among SMMEs.

Another important contribution is the study's emphasis on Social Influence as a critical determinant of BNPL adoption in professional networks. Unlike in consumer markets, where Social Influence often manifests through family or peer recommendations, this study demonstrates that in a business environment, industry norms, trade associations, and professional networks play a more prominent role in shaping adoption decisions (Magida & Pieterse, 2023). This finding suggests that BNPL providers should invest in industry partnerships and targeted awareness campaigns to strengthen the credibility of their solutions.

From a practical perspective, the study's findings carry important implications for BNPL providers, policymakers, and SMME owners. For BNPL providers, the results suggest that adoption strategies should focus on both enhancing usability and fostering peer-driven validation. Simplified onboarding processes, step-by-step instructional guides, and accessible customer support can improve Effort Expectancy, while testimonials, case studies, and endorsements from industry leaders can enhance Social Influence.

Policymakers should consider regulatory frameworks that facilitate responsible BNPL usage while promoting financial inclusion. Given the role of Social Influence in adoption decisions, policymakers could collaborate with industry associations to create certification programs or endorsement initiatives that reinforce the legitimacy of BNPL solutions. Additionally, targeted training programs aimed at improving digital literacy among SMMEs could further support BNPL adoption.

For SMME owners, the study highlights the importance of assessing both the usability and credibility of BNPL solutions before adoption. While ease of use is a key factor, entrepreneurs should also consider industry trends, peer recommendations, and regulatory developments when making adoption decisions. Engaging in professional networks and industry forums can provide valuable insights into best practices and potential risks associated with BNPL financing.

Overall, these contributions and implications underscore the necessity of a multifaceted approach to BNPL adoption. By addressing both the technical and social dimensions of adoption, stakeholders can enhance the accessibility and legitimacy of BNPL solutions, ensuring that SMMEs derive meaningful value from these financial innovations. The next section will examine the moderating effects of demographic factors, further refining the understanding of how BNPL adoption drivers interact across different SMME segments.

## **5.5 Moderating Effects of Demographic Factors**

The analysis of moderating effects explored how demographic factors—specifically age, gender, and e-commerce experience—shaped the relationships between Performance Expectancy, Effort Expectancy, Social Influence, and Behavioural Intention. The results demonstrated that while Effort Expectancy remained consistent across demographic groups, age, gender, and experience significantly influenced the effects of Performance Expectancy and Social Influence on BNPL adoption. These findings provide nuanced insights into how different SMME segments respond to BNPL technology, reinforcing the importance of targeted adoption strategies.

### ***5.5.1 Influence of Age***

The study found that younger entrepreneurs (25–34 years old) exhibited a stronger relationship between Performance Expectancy and Behavioural

Intention ( $\beta = 0.28$ ,  $p = 0.014$ ). This finding aligns with previous research indicating that younger business owners are more receptive to fintech solutions due to their familiarity with digital technologies and willingness to adopt innovative financial tools (Gerrans et al., 2022). The greater influence of Performance Expectancy among younger respondents suggests that BNPL providers should tailor their marketing strategies to emphasize efficiency, scalability, and operational benefits, as these factors are particularly appealing to younger entrepreneurs.

Similarly, Social Influence had a stronger impact on younger respondents ( $\beta = 0.33$ ,  $p = 0.002$ ), reinforcing the role of peer networks and industry trends in adoption decisions. This suggests that BNPL providers targeting younger business owners should leverage digital marketing, influencer partnerships, and social media engagement to enhance adoption rates.

### ***5.5.2 Influence of Gender***

The study also found gender-based differences in adoption behaviour. Female entrepreneurs demonstrated a stronger reliance on Performance Expectancy ( $\beta = 0.25$ ,  $p = 0.021$ ) and Social Influence ( $\beta = 0.29$ ,  $p = 0.009$ ) when making adoption decisions. These results align with research suggesting that women in business are more likely to consider both the practical benefits and social validation of financial technologies before adopting them (Gefen & Straub, 1997). The findings indicate that BNPL providers should incorporate gender-sensitive strategies, such as showcasing testimonials from successful female entrepreneurs, providing mentorship programs, and ensuring that promotional content speaks to the unique challenges faced by women in business.

### ***5.5.3 Influence of E-Commerce Experience***

Experience in e-commerce also played a moderating role in adoption behaviour. Entrepreneurs with more extensive e-commerce experience showed a stronger

correlation between Performance Expectancy and Behavioural Intention ( $\beta = 0.32$ ,  $p = 0.008$ ), as well as between Social Influence and Behavioural Intention ( $\beta = 0.35$ ,  $p = 0.001$ ). These results suggest that experienced digital entrepreneurs place a higher value on the perceived usefulness of BNPL solutions and are more likely to be influenced by peer recommendations and industry trends. This underscores the importance of educational initiatives that support less-experienced entrepreneurs in understanding the potential benefits of BNPL financing.

#### ***5.5.4 Implications of Moderating Effects***

The moderating effects of demographic factors suggest that BNPL adoption is not uniform across all SMME segments. Instead, different groups respond to adoption drivers in distinct ways, necessitating tailored engagement strategies. Younger entrepreneurs and experienced digital business owners are more likely to adopt BNPL when its efficiency and business value are clearly demonstrated, while female entrepreneurs place greater emphasis on both usability and social validation. These findings indicate that BNPL providers should develop differentiated marketing and onboarding approaches to address the specific concerns and motivations of diverse user groups.

By acknowledging these demographic differences, policymakers and fintech providers can refine their approaches to financial inclusion and BNPL accessibility. Strategies such as industry-specific awareness programs, gender-inclusive financial training, and experience-based educational campaigns can help bridge adoption gaps and maximize the impact of BNPL solutions. The next section provides a comprehensive conclusion to the discussion, synthesizing the study's key insights and outlining future research directions.

## **5.6 Conclusion**

This chapter provided an in-depth discussion of the study's findings, integrating them with the theoretical and empirical literature reviewed in Chapter 2. The discussions centered on two key Hypothesis, revealing significant insights into the roles of Performance Expectancy, Effort Expectancy, and Social Influence in shaping BNPL adoption among South African SMMEs. The study confirmed that perceived usefulness and ease of use remain central to technology adoption decisions, while external validation from industry peers further reinforces adoption intent. The moderating effects of demographic factors added another layer of complexity, highlighting the need for segment-specific adoption strategies.

The findings on Performance Expectancy confirmed that SMMEs view BNPL as a valuable financial tool that enhances productivity and aligns with business goals. Effort Expectancy was shown to be a strong predictor of adoption, reinforcing the importance of user-friendly financial technology. Social Influence also played a pivotal role, demonstrating that peer networks and industry-wide adoption trends significantly shape business decisions regarding BNPL integration.

The discussion further emphasized that the impact of these factors is not uniform across all businesses. Younger entrepreneurs exhibited a stronger reliance on Performance Expectancy and Social Influence, while female entrepreneurs placed significant importance on social validation when adopting BNPL solutions. Experienced e-commerce entrepreneurs, on the other hand, demonstrated a stronger link between perceived usefulness and adoption intent, highlighting the importance of experience-based adoption drivers.

These findings contribute to the broader discourse on fintech adoption by providing insights specific to the South African SMME sector. Unlike in developed markets, where institutional trust and regulatory support play a more prominent role, this study highlights that perceived usefulness and peer influence are the

dominant forces shaping BNPL adoption in emerging markets. The study's findings reinforce the importance of user-centric fintech design and strategic industry collaborations to enhance adoption.

The implications of these findings are far-reaching. For BNPL providers, simplifying onboarding processes and leveraging industry partnerships will be key to expanding market penetration. Policymakers must prioritize financial literacy initiatives and regulatory frameworks that facilitate responsible BNPL adoption while ensuring consumer protection. SMMEs, in turn, should engage with professional networks and industry forums to make informed financial technology adoption decisions.

Overall, the study provides a nuanced understanding of BNPL adoption dynamics in an emerging market context, bridging gaps in existing literature while offering actionable insights for industry stakeholders. The next chapter will present overarching conclusions, outlining key contributions, recommendations, and potential avenues for future research.

## **CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS**

### **6.1 Introduction**

This chapter summarizes the key findings from Chapters 4 and 5, evaluating the study's objectives within the Unified Theory of Acceptance and Use of Technology (UTAUT) framework. It highlights the significance of performance expectancy, effort expectancy, and social influence in BNPL adoption among South African SMMEs, while also considering the moderating effects of age, gender, and e-commerce experience.

Each research objective is addressed, linking empirical findings to theoretical insights and industry relevance. The chapter further discusses the implications for BNPL providers, policymakers, and entrepreneurs before concluding with recommendations for future research on BNPL adoption in emerging markets.

### **6.2 Conclusions Regarding the Primary Objective**

This study aimed to explore the factors influencing BNPL adoption among South African SMMEs. The findings confirm that performance expectancy, effort expectancy, and social influence significantly shape behavioural intention, with age, gender, and e-commerce experience moderating these effects.

Performance expectancy emerged as a key driver, particularly among younger entrepreneurs who prioritize efficiency and scalability. Effort expectancy was also critical, as ease of use influenced adoption across all demographics. Social influence played a strong role, especially for younger and female entrepreneurs, emphasizing the importance of peer recommendations and industry validation.

Demographic factors further refined these relationships, with younger and more experienced entrepreneurs responding more strongly to perceived usefulness,

while female entrepreneurs relied more on both performance expectancy and social influence. These insights highlight the need for BNPL providers to tailor their strategies to different SMME segments to maximize adoption.

### **6.3 Conclusions Regarding Sub-Objective 1**

The first sub-objective aimed to assess the impact of performance expectancy on the behavioural intention to adopt BNPL financing among South African SMMEs. The findings confirm that performance expectancy is a strong predictor of adoption ( $\beta = 0.52$ ,  $p < 0.001$ ), indicating that entrepreneurs are more likely to adopt BNPL when they perceive it as beneficial to their business operations.

Younger entrepreneurs (25–34 years) exhibited a stronger correlation between performance expectancy and adoption intent, suggesting they prioritize efficiency, scalability, and technological integration ( $\beta = 0.28$ ,  $p = 0.014$ ). These findings emphasize the need for BNPL providers to highlight BNPL's business-enhancing benefits through targeted marketing and educational initiatives.

The results confirm that performance expectancy plays a central role in BNPL adoption, particularly among younger entrepreneurs, reinforcing the importance of positioning BNPL as a strategic financial tool.

### **6.4 Conclusions Regarding Sub-Objective 2**

The second sub-objective examined the influence of effort expectancy on the behavioural intention to adopt BNPL financing among South African SMMEs. The findings confirm that effort expectancy is a significant predictor of adoption ( $\beta = 0.48$ ,  $p < 0.001$ ), indicating that ease of use plays a crucial role in adoption decisions.

The study revealed that respondents rated clarity ( $M = 4.65$ ), skill acquisition ( $M = 4.68$ ), and ease of learning ( $M = 4.60$ ) highly, reinforcing the importance of a user-friendly experience. Unlike performance expectancy, the relationship

between effort expectancy and adoption was consistent across all demographic groups, suggesting that usability is universally important regardless of age, gender, or experience.

These findings highlight the need for BNPL providers to streamline user interfaces, offer interactive tutorials, and ensure seamless integration with business management tools to enhance usability and drive adoption.

## **6.5 Conclusions Regarding Sub-Objective 3**

The third sub-objective evaluated the impact of social influence on the behavioural intention to adopt BNPL financing among South African SMMEs. The findings confirm that social influence significantly affects adoption ( $\beta = 0.43$ ,  $p < 0.001$ ), indicating that peer recommendations, industry norms, and external endorsements shape entrepreneurs' decisions.

The study found that respondents placed considerable importance on the adoption behaviours of key decision-makers ( $M = 4.45$ ), industry peers ( $M = 4.43$ ), and broader business trends ( $M = 4.40$ ). Younger entrepreneurs ( $\beta = 0.33$ ,  $p = 0.002$ ) and female business owners ( $\beta = 0.29$ ,  $p = 0.009$ ) were particularly influenced by social validation, reinforcing the role of network-driven adoption patterns.

These findings suggest that BNPL providers should leverage industry partnerships, peer-driven testimonials, and influencer marketing to enhance credibility and encourage adoption, especially among younger and female entrepreneurs.

## 6.6 Conclusions Regarding Sub-Objective 4

The fourth sub-objective examined the moderating effects of age, gender, and e-commerce experience on the relationships between performance expectancy, effort expectancy, social influence, and behavioural intention to adopt BNPL financing. The findings confirm that demographic factors significantly influence these relationships, except for effort expectancy, which remained a universal determinant across all groups.

Younger entrepreneurs (25–34 years) showed a stronger relationship between performance expectancy and behavioural intention ( $\beta = 0.28$ ,  $p = 0.014$ ), suggesting that they are more likely to adopt BNPL if they perceive it as beneficial. Similarly, social influence had a greater effect on younger respondents ( $\beta = 0.33$ ,  $p = 0.002$ ), highlighting the role of peer validation in adoption decisions.

Female entrepreneurs exhibited a stronger reliance on both performance expectancy ( $\beta = 0.25$ ,  $p = 0.021$ ) and social influence ( $\beta = 0.29$ ,  $p = 0.009$ ), suggesting that they prioritize perceived usefulness and external validation before adopting BNPL solutions. Additionally, entrepreneurs with more e-commerce experience demonstrated a stronger correlation between performance expectancy ( $\beta = 0.32$ ,  $p = 0.008$ ) and social influence ( $\beta = 0.35$ ,  $p = 0.001$ ) with BNPL adoption, indicating that experience enhances confidence in BNPL integration.

These findings suggest that BNPL providers should implement targeted engagement strategies that cater to different demographic segments. Younger entrepreneurs may respond to digital engagement and peer advocacy, while female entrepreneurs may benefit from mentorship programs and success stories. Additionally, experienced digital business owners may require advanced tools and integrations to maximize BNPL adoption.

## 6.7 Theoretical and Practical Implications

The findings of this study have important implications for both theory and practice in the field of financial technology adoption among Small, Medium, and Micro Enterprises (SMMEs) in emerging markets, particularly South Africa. From a theoretical perspective, the study affirms the applicability of the Unified Theory of Acceptance and Use of Technology (UTAUT) in explaining the adoption of Buy Now Pay Later (BNPL) financing among SMMEs. The strong explanatory power of constructs such as performance expectancy, effort expectancy, and social influence reinforces the UTAUT model's relevance in contexts that extend beyond traditional technology use into alternative financial technology services.

Furthermore, the inclusion of moderating demographic variables, including age, gender, and experience, adds depth to existing literature by illustrating how adoption behaviours differ across respondent profiles. For instance, younger and more digitally confident entrepreneurs were more influenced by effort expectancy, suggesting that digital fluency can intensify or reduce adoption behaviour. These results provide empirical support for the extended UTAUT framework and offer a pathway for future refinements that consider contextual and demographic diversity.

From a practical perspective, the results provide actionable insights for BNPL providers, policymakers, and organisations that support SMMEs. BNPL service providers should emphasise ease of use and clearly communicate the practical benefits of adoption in their outreach strategies. Developing user friendly digital platforms and offering orientation support for less digitally experienced users could enhance adoption rates. Policymakers can use these insights to support digital literacy programs and design regulatory frameworks that encourage responsible lending while expanding access to flexible credit solutions for under resourced businesses.

In addition, industry associations and trade organisations can play a critical role by distributing information, endorsing credible service providers, and integrating

BNPL education into existing entrepreneurship development initiatives. The insights from this study can therefore support a wide range of stakeholders in promoting a more inclusive and accessible digital financial ecosystem for South African SMMEs.

## **6.8 Recommendations for Future Research**

While this study makes a meaningful contribution to understanding the adoption of Buy Now Pay Later (BNPL) financing among South African Small, Medium, and Micro Enterprises (SMMEs), several avenues for future research have been identified. First, qualitative studies could complement these findings by exploring the personal experiences, perceptions, and concerns of SMME owners in greater detail. Methods such as interviews or focus groups could offer rich, contextual insights into the motivations, barriers, and behavioural patterns that are not easily captured through quantitative surveys.

Second, future research should consider expanding the geographical scope of investigation to include rural and urban areas. Many SMMEs outside of urban centres face challenges related to digital access and infrastructure, which may significantly influence their ability to adopt financial technology solutions such as BNPL. Including these underrepresented areas would provide a more balanced national perspective and support the development of inclusive policy and financial service design.

Third, additional variables such as trust in technology, perceived financial risk, or levels of financial literacy could be examined as potential mediators or moderators within the adoption model. These factors may offer deeper explanatory power and help refine the theoretical framework for greater precision. Longitudinal studies could also be valuable in observing how adoption patterns evolve over time as digital ecosystems mature and users gain more exposure to financial technology.

Finally, comparative studies that examine different forms of digital credit—such as mobile lending, microfinance, or invoice factoring—could yield insights into the relative advantages and adoption barriers across financial products. Such research would contribute to a broader understanding of how various financial solutions can be tailored to meet the specific needs of different business segments within the SMME sector.

## **6.9 Closing Reflection**

This study explored the factors influencing BNPL adoption among South African SMMEs, applying the Unified Theory of Acceptance and Use of Technology (UTAUT). The findings confirm that performance expectancy, effort expectancy, and social influence significantly shape behavioural intention, with age, gender, and e-commerce experience moderating these effects.

The study highlights the importance of perceived usefulness and ease of use, showing that entrepreneurs are more likely to adopt BNPL when it offers tangible business benefits with minimal barriers. Social influence also plays a crucial role, particularly for younger and female entrepreneurs, reinforcing the power of peer validation and industry trends in adoption decisions.

Beyond theoretical contributions, the study provides practical guidance for BNPL providers, policymakers, and SMMEs. Adoption strategies should focus on usability, industry endorsements, and targeted messaging to different demographic groups. Policymakers must address regulatory clarity and financial literacy, ensuring that BNPL solutions contribute to business sustainability rather than financial risk.

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## APPENDIX A: Research Instrument - Survey

| Section                 | Question Number | Question                                                             | Options                                                                                                    |
|-------------------------|-----------------|----------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Demographic Information | Q1              | Age                                                                  | Under 25; 25-34; 35-44; 45-54; 55 and above                                                                |
| Demographic Information | Q2              | Gender                                                               | Male; Female; Other                                                                                        |
| Demographic Information | Q3              | Experience with E-Commerce                                           | Less than 1 year; 1-3 years; 4-6 years; 7-10 years; More than 10 years                                     |
| Demographic Information | Q4              | Location                                                             | Urban; Suburban; Rural                                                                                     |
| Demographic Information | Q5              | Business Size                                                        | Micro Enterprise (1-9 employees); Small Enterprise (10-49 employees); Medium Enterprise (50-249 employees) |
| Performance Expectancy  | Q6              | I find BNPL technology useful in my business.                        | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree                                                |
| Performance Expectancy  | Q7              | Using BNPL technology increases my business productivity.            | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree                                                |
| Performance Expectancy  | Q8              | BNPL technology helps me achieve my business goals more efficiently. | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree                                                |

|                       |     |                                                                                     |                                                                           |
|-----------------------|-----|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Effort Expectancy     | Q9  | Learning to use BNPL technology is easy for me.                                     | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree               |
| Effort Expectancy     | Q10 | My interaction with BNPL technology is clear and understandable.                    | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree               |
| Effort Expectancy     | Q11 | It is easy for me to become skilful at using BNPL technology.                       | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree               |
| Social Influence      | Q12 | People who influence my business decisions think that I should use BNPL technology. | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree               |
| Social Influence      | Q13 | People whose opinions I value prefer that I use BNPL technology.                    | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree               |
| Social Influence      | Q14 | My peers in the industry use BNPL technology.                                       | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree               |
| Behavioural Intention | Q15 | I intend to use BNPL technology in my business within the next 6 months.            | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree               |
| Behavioural Intention | Q16 | I will always try to use BNPL technology in my business operations.                 | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree               |
| Behavioural Intention | Q17 | I plan to recommend BNPL technology to other SMMEs.                                 | Strongly Disagree; Disagree; Neutral; Agree; Strongly Agree               |
| Moderating Variables  | Q18 | How often do you use digital payment solutions in your business?                    | Never; Rarely; Sometimes; Often; Always                                   |
| Moderating Variables  | Q19 | How comfortable are you with adopting new technologies for your business?           | Very Uncomfortable; Uncomfortable; Neutral; Comfortable; Very Comfortable |

## **APPENDIX B: Consent letter**

Title of the study:

Factors that affect the adoption of buy now pay later technologies amongst South African SMME's

Description of the study:

This study aims to explore the adoption and usage of Buy-Now-Pay-Later (BNPL) technology among Small, Medium, and Micro Enterprises (SMMEs) in the retail sector in South Africa. The research will investigate the factors influencing SMMEs' decisions to adopt BNPL technology, how it impacts their business operations, and the overall benefits and challenges they experience. The insights gained from this study will contribute to a better understanding of BNPL adoption and provide valuable information for policymakers and industry practitioners to support the growth of e-commerce and digital entrepreneurship in South Africa.

Your participation will involve completing a survey, which is expected to take approximately 10 minutes. Your responses will be kept confidential, and your anonymity will be ensured throughout the study.

Name of Researcher: Kgaogelo Sebola

I, \_\_\_\_\_, agree to participate in this research project.

I agree to the following:

(Please circle the relevant options below)

- The research study was explained to me. I understand what this study is about.

[YES / NO]

- I understand that I can volunteer to take part in the study.

[YES / NO]

- I agree that the survey/interview/focus group/other activity may be audio recorded.

-[YES / NO]

- I agree that direct quotations from my survey/interview/focus group/other activity may be used by the researcher in their research report/manuscript/book chapter.

[YES / NO]

- I agree that my participation will remain anonymous (my name or other identifying data will not be used by the researcher in their research report/manuscript/book chapter).

[YES / NO]

- I agree that other researchers may use the information I provide in my survey/interview/focus group/other activity (depending on their own ethics clearance being obtained) but my name and any personal information will not be used or passed on.

[YES / NO]

---

**\*\*(Signature)\*\***

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**\*\*(Name of Participant)\*\***

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**\*\*(Date)\*\***

---

**\*\*(Signature)\*\***

---

**\*\*(Name of Researcher/Person Seeking Consent)\*\***

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**\*\*(Date)\*\***

## **APPENDIX C: Participant Information Sheet**

Dear [Recipient],

I am Kgaogelo Sebola, a Master's student in Digital Business at the University of the Witwatersrand, under the supervision of Prof. Adheesh Budree. I am currently researching the use of Buy-Now-Pay-Later (BNPL) technology among South African small and medium-sized enterprises (SMMEs).

I invite you to participate in a brief online survey that will take about two minutes to complete. You can access the survey at your convenience through a link I have provided.

For the purpose of accuracy, I would like to record the online survey. This recording will be securely stored on Microsoft OneDrive for a period of ten years and will only be accessible to me.

The survey will ask for some personal details such as your age, gender, location, and experience with e-commerce. Please be assured that all responses will remain confidential and anonymous. Your personal details will not be shared, and any data used in research reports will not identify you. If permitted, other researchers may use the data, but without any personal identifiers.

Participation is entirely voluntary, and you may withdraw at any time without any consequences. There will be no direct benefits or compensation for participating, and there will be no costs involved.

The study involves minimal risk, similar to daily activities. If you feel uncomfortable or distressed at any point, you can pause the survey and resume later. Free counselling services are available through Humanitas at 071 247 6656 or 082 541 4357.

The findings of the study will be compiled into a report accessible through the university library. If you would like a summary of the report, I am happy to provide one upon request.

For any questions or concerns about the study, please contact me or Prof. Adheesh Budree at the details below. If you have ethical concerns, please reach out to the University Human Research Ethics Committee (Non-Medical) at +27(0) 11 717 1408 or email [hrecnon-medical@wits.ac.za](mailto:hrecnon-medical@wits.ac.za).

Thank you for considering this opportunity to contribute to the research.

Best regards,

Kgaogelo Sebola

**Researcher**

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