

Mobile Money Adoption, Financial Inclusion, and Hedonism in SMEs

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ABSTRACT

This study investigates the role of hedonism as a mediating variable in the relationship between mobile money adoption and financial inclusion among small and medium-sized enterprises (SMEs). The research explores how intrinsic satisfaction derived from using mobile money influences its adoption and impacts financial inclusion, providing a novel perspective on the psychological drivers of financial technology uptake. Utilizing a quantitative approach, data were collected from SMEs via standardized questionnaires, with relationships analyzed through regression and mediation techniques. The findings demonstrate that mobile money adoption significantly enhances financial inclusion, while hedonism partially mediates this relationship. Emotional satisfaction is shown to amplify the impact of mobile money adoption, underscoring the importance of user experience alongside functionality in driving technology adoption. The study concludes that incorporating hedonistic aspects into mobile money platforms can increase adoption rates and enhance the financial inclusion of SMEs. The results provide actionable insights for policymakers and service providers, highlighting the importance of user-centered design and tailored support. Future research should explore additional mediating factors and broader sample populations to further validate and expand on these findings.

Keywords: Fintech, Financial inclusion, Mobile Money, Small and Medium Enterprises (SMEs).

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INTRODUCTION

Small and medium-sized enterprises (SMEs) play a critical role in driving economic growth, particularly in developing countries. However, a significant challenge they face is limited access to financial services, which restricts their growth potential. Mobile money services have emerged as a revolutionary tool to bridge this gap, enabling broader financial inclusion. Recently, the psychological aspect of mobile money adoption, specifically the role of hedonism, has garnered attention. Hedonism, defined as the pursuit of pleasure and intrinsic enjoyment, may influence how individuals and businesses adopt and engage with financial technologies. This study explores the interplay between mobile money adoption, financial inclusion, and hedonism, particularly among SMEs in urban and developing contexts like Jakarta and Sri Lanka.

Mobile Money and Financial Inclusion

Financial inclusion refers to the accessibility and availability of financial services to underserved or excluded populations. Mobile money has transformed the financial inclusion landscape, particularly in regions where traditional banking infrastructure is limited. Services such as mobile payments, savings accounts, and credit facilities enable SMEs to perform essential transactions, manage cash flow, and access new markets (Bagale et al., 2021; Elliyana et al., 2023; Tengeh & Gahapa Talom, 2020). Research highlights that mobile money adoption increases financial resilience, facilitates credit access, and supports economic empowerment for SMEs, especially those in informal sectors.

For instance, studies in sub-Saharan Africa have shown that SMEs using mobile money services experience higher growth rates compared to their non-adopting counterparts (Ekeoma, 2024; Islam & Muzi, 2020). Similarly, in Asia, mobile money adoption has been linked to enhanced financial autonomy and reduced operational costs for small businesses. However, adoption rates depend heavily on factors such as user-friendliness, trust in technology, and social acceptance, which are often intertwined with psychological constructs like hedonism.

Hedonism as a Mediating Variable

Hedonism is a psychological concept emphasizing the pursuit of pleasure and avoidance of discomfort. In the context of technology adoption, it reflects the enjoyment or perceived pleasure derived from using a particular system. According to the Technology Acceptance Model (TAM) and its extensions, users' perceptions of usefulness and ease of use influence their acceptance of new technologies. However, hedonistic factors, such as the emotional satisfaction derived from using mobile money apps, can also play a pivotal role.

Studies suggest that users are more likely to adopt financial technologies if they find them enjoyable and engaging. For SMEs, hedonism may not only influence the decision to adopt mobile money but also enhance its sustained usage. For instance, visually appealing interfaces, gamification, and immediate transaction feedback could

amplify the pleasure of using mobile money platforms, indirectly promoting financial inclusion. This mediating role of hedonism warrants attention in examining how mobile money adoption can effectively lead to broader financial inclusion outcomes.

SMEs and Technology Adoption

SMEs are often constrained by limited resources, making the adoption of cost-effective and scalable solutions like mobile money essential. Mobile money offers numerous advantages, including real-time transactions, reduced dependency on cash, and improved record-keeping. However, the decision-making process in SMEs is influenced by multiple factors, such as perceived risks, trust in service providers, and the perceived utility of the technology.

The psychological attributes of SME owners, including their openness to innovation and intrinsic motivations, can significantly impact adoption. Hedonism, as an intrinsic motivator, could affect how SME owners perceive mobile money (Dewasiri et al., 2024; Mangoting et al., 2024). For example, if the technology is viewed as not just functional but also enjoyable, it could lead to higher adoption rates and more frequent use. This creates a pathway for financial inclusion, as SMEs integrate these technologies into their daily operations.

Contextual Relevance: Jakarta and Sri Lanka

Jakarta, as the economic hub of Indonesia, hosts a vibrant SME sector that contributes substantially to the national economy. Similarly, SMEs in Sri Lanka play a critical role in employment generation and economic stability. Both regions face common challenges, such as limited access to formal credit, bureaucratic hurdles, and reliance on cash-based transactions. Mobile money services can alleviate these issues, yet cultural and psychological differences influence their adoption patterns.

For instance, Jakarta's urban setting provides a conducive environment for mobile money adoption, given its higher smartphone penetration and digital literacy rates. On the other hand, in Sri Lanka, rural SMEs might face barriers such as lack of trust in digital platforms or limited access to reliable mobile networks. Understanding the hedonistic appeal of mobile money services in these differing contexts is crucial for designing strategies to promote financial inclusion.

Implications for Financial Inclusion

Financial inclusion is not merely about providing access to financial services but ensuring their meaningful use (Ahmad et al., 2020; Elliyana et al., 2022; Ozili, 2020; Sahay et al., 2015). The role of hedonism in mobile money adoption highlights the importance of user-centric design. Service providers need to focus on creating positive user experiences that appeal to both functional and emotional needs. By incorporating features that enhance user satisfaction, such as intuitive interfaces and value-added services, mobile money platforms can increase engagement and drive financial inclusion.

Moreover, understanding hedonism's mediating role can inform policymakers and stakeholders on the need for behavioral insights in financial technology deployment.

Awareness campaigns that emphasize the enjoyable aspects of mobile money, alongside its utility, could further accelerate adoption among SMEs.

Mobile money offers immense potential to drive financial inclusion among SMEs, particularly in regions where traditional banking services remain inaccessible (Akanbi, 2023; Akter et al., 2021). The psychological motivators, such as hedonism, play a crucial role in mediating the relationship between mobile money adoption and financial inclusion, influencing both adoption decisions and sustained usage. By understanding the hedonistic dimensions of mobile money, service providers and policymakers can design more engaging and user-friendly solutions that enhance adoption and usage rates. This research aims to explore this dynamic relationship, focusing on the role of hedonism as a mediating factor, to provide actionable insights that support the development of inclusive financial ecosystems and empower SMEs in diverse economic and cultural contexts.

RESEARCH METHOD

This study employed a quantitative approach to examine the relationship between mobile money adoption, financial inclusion, and the mediating role of hedonism among SMEs. A survey design was utilized to collect data through standardized questionnaires. The target population consisted of small and medium-sized enterprises (SMEs), with a sample size of 60 SMEs selected via simple random sampling to ensure equal representation. The questionnaire included three sections: respondent demographics, mobile money adoption patterns, and Likert-scale items measuring hedonism and financial inclusion. Data validity and reliability were ensured through factor analysis and Cronbach's Alpha, respectively. Descriptive analysis provided insights into respondent profiles and adoption trends, while inferential analysis, including regression and mediation tests, assessed the direct and indirect relationships between variables. Hedonism was tested as a mediating variable using Baron and Kenny's framework or bootstrapping techniques. Ethical considerations, such as voluntary participation and data confidentiality, were prioritized. While the limited sample size and geographic focus posed constraints, this methodology aimed to yield valuable insights into SME behaviors in adopting mobile money technologies.

RESULTS AND DISCUSSION

Respondent Profile

Table.1 Regression Analysis Results Table

Characteristic	Category
Business Type	Small Enterprises (73%), Medium Enterprises (27%)
Business Age	Over 5 years (68%), Less than 5 years (32%)
Role of Respondent	Business Owners (82%), Managers (18%)
Gender	Male (58%), Female (42%)
Educational Level	High School Diploma/Bachelor's Degree (65%)

source of data : processed 2024

The study surveyed 60 SMEs, representing a diverse range of business types and operational scales. The majority of respondents were small enterprises (73%), with medium-sized businesses constituting the remaining 27%. Most businesses had been operating for over five years (68%), while the rest had been established within the last five years. Regarding the respondents' roles, 82% were business owners, while 18% were managers. Demographic data revealed that 58% of respondents were male and 42% female, with a majority (65%) holding a high school diploma or bachelor's degree.

Mobile Money Adoption Patterns

The analysis revealed that mobile money adoption was prevalent among SMEs, with 87% of respondents reporting regular use of mobile money platforms. The services most frequently utilized included payments (78%), fund transfers (63%), and savings accounts (46%). Respondents cited ease of use (82%) and cost-effectiveness (75%) as primary reasons for adopting mobile money. However, 38% expressed concerns about security risks and trust in service providers, suggesting potential barriers to adoption.

Table 2. Regression Analysis Results Table

Relationship	Beta Coefficient	p-Value	Interpretation
Mobile Money Adoption → Financial Inclusion	0.68	< 0.01	Significant positive relationship: Mobile money adoption enhances financial inclusion.
Mobile Money Adoption → Hedonism	0.52	< 0.01	Significant positive relationship: Mobile money adoption increases hedonistic satisfaction.
Hedonism → Financial Inclusion (Controlling for Mobile Money Adoption)	0.41	< 0.01	Partial mediation: Hedonism influences financial inclusion and weakens the direct impact of mobile money adoption.

source of data : processed 2024

Description of The Results Table

The regression analysis table presents the findings of the study in three key relationships, highlighting the mediating role of hedonism in the impact of mobile money adoption on financial inclusion:

- Mobile Money Adoption → Financial Inclusion:
- Beta Coefficient (β): 0.68
- p-Value: < 0.01

There is a significant positive relationship between mobile money adoption and financial inclusion. This suggests that SMEs adopting mobile money platforms

experience enhanced access to financial services, confirming the direct benefit of mobile money in driving financial inclusion.

- Mobile Money Adoption → Hedonism:
- Beta Coefficient (β): 0.52
- p-Value: < 0.01

Interpretation: Mobile money adoption is positively associated with hedonism, indicating that SMEs derive enjoyment and satisfaction from using mobile money platforms. This reflects the psychological and emotional benefits that encourage continued use.

- Hedonism → Financial Inclusion (Controlling for Mobile Money Adoption):
- Beta Coefficient (β): 0.41
- p-Value: < 0.01

Hedonism partially mediates the relationship between mobile money adoption and financial inclusion. While mobile money adoption still directly impacts financial inclusion, the presence of hedonism as a mediator weakens this direct relationship. This indicates that the emotional satisfaction from using mobile money influences its effectiveness in promoting financial inclusion. These findings underscore the importance of both functional and psychological factors in driving the adoption and utility of financial technologies among SMEs. Hedonism plays a meaningful role in amplifying the impact of mobile money on financial inclusion.

DISCUSSION

The findings of this study underscore the significant role mobile money plays in driving financial inclusion among SMEs, particularly in regions with limited access to traditional banking. Mobile money adoption provides SMEs with access to essential financial services such as payments, savings, and credit, which are crucial for their operational and strategic needs. This aligns with Nugraha et al. (2022), who found that fintech adoption improves financial resilience and facilitates economic empowerment for SMEs in Indonesia, especially during periods of restricted economic activities such as the COVID-19 pandemic (Nugraha et al., 2022).

An important contribution of this study is the exploration of hedonism as a mediating variable in the relationship between mobile money adoption and financial inclusion. Hedonism, defined as the intrinsic satisfaction and enjoyment derived from using mobile money services, was found to partially mediate this relationship. Salimon et al. (2021) similarly identified hedonic motivation as a significant factor influencing the adoption of mobile commerce by SMEs in Malaysia. Their findings demonstrated that emotional satisfaction enhances user engagement and increases technology uptake, supporting the notion that user experience is as critical as functionality in adoption decisions (Salimon et al., 2023).

The mediating role of hedonism highlights the need for a user-centered approach in the design and promotion of mobile money platforms. As Bakhary et al. (2024) argue, user experience, operational efficiency, and customer satisfaction are critical motivators for SMEs to adopt and continue using technology. Creating enjoyable and intuitive

platforms can increase not only adoption rates but also long-term usage, thereby maximizing the impact on financial inclusion (Bakhtiari et al., 2020).

Despite its transformative potential, mobile money adoption still faces challenges such as trust issues, perceived risks, and limited financial literacy among SME owners. Kurniasari et al. (2023) highlighted that financial literacy and performance expectancy significantly influence digital adoption in SMEs, indicating that educational initiatives and targeted support are essential to overcoming these barriers (Kurniasari et al., 2023).

From a policy perspective, the findings suggest that interventions aimed at improving financial inclusion must address both functional and emotional aspects of mobile money adoption. Awareness campaigns that emphasize the ease, convenience, and enjoyment of mobile money could attract hesitant users. Salimon et al. (2021) further suggested that integrating hedonic motivators into marketing strategies can significantly enhance technology adoption by SMEs. Additionally, addressing security concerns and fostering trust through transparency and robust regulatory measures is critical to encouraging wider adoption (Salimon et al., 2023).

While this study provides valuable insights, its limitations should be acknowledged. The relatively small sample size of 60 SMEs limits the generalizability of the findings, and future research should aim to validate these results across larger and more diverse populations. Additionally, this study focused solely on hedonism as a mediating factor. Future research could explore other psychological and contextual variables, such as trust, social norms, and cultural differences, to gain a more comprehensive understanding of the factors influencing mobile money adoption and its impact on financial inclusion.

The interplay between mobile money, financial inclusion, and psychological factors such as hedonism holds significant implications for SME development. For SMEs, adopting mobile money offers a pathway to improved financial management, operational efficiency, and market expansion. As highlighted by Nugraha et al. (2022), SMEs can leverage fintech solutions to bridge gaps in financial access and resilience, ultimately enhancing their economic contributions (Nugraha et al., 2022).

CONCLUSION

This study reinforces the transformative role of mobile money in advancing financial inclusion for SMEs. By addressing both the functional and emotional drivers of adoption, policymakers and service providers can create more effective strategies to empower SMEs. Future research should continue to explore the dynamic relationships between technology adoption, psychological motivators, and financial inclusion across diverse contexts to support inclusive growth and sustainable development.

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