



**BUSITEMA
UNIVERSITY**

Pursuing Excellence

**FINTECH AND BUSINESS GROWTH OF SMALL AND MEDIUM ENTERPRISES IN
PALLISA TOWN COUNCIL**

BY

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**A RESERCH REPORT SUBMITTED TO THE FACULTY OF MANAGEMENT
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DECLARATION

I, Nagudi Catherine, hereby declare that this dissertation entitled "*The Effect of Financial Technology (FinTech) Adoption on Business Growth in Pullisa Town Council*" is my original work and has not been submitted, in whole or in part, for the award of any degree or academic qualification in any other university or institution of higher learning.

All sources of information used in this work have been duly acknowledged and referenced in accordance with academic standards. I take full responsibility for any errors or omissions contained herein.

Signature
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26th August, 2025
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APPROVAL

This dissertation entitled: *"The Effect of Financial Technology (FinTech) Adoption on Business Growth in Pallisa Town Council"* has been submitted to the Faculty of Management Sciences Pallisa in partial fulfillment of the requirements for the award of a Bachelor's Degree in Business Administration of Busitema University, with my approval as the university supervisor.



Signature

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DEDICATION

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LIST OF ACRONYMS

ACRONYM	FULL FORM
AG	Auditor General
FinTech	Financial Technology
FY	Financial Year
GDP	Gross Domestic Product
ICT	Information and Communication Technology
MoFPED	Ministry of Finance, Planning and Economic Development
MoLG	Ministry of Local Government
POS	Point of Sale
SME	Small and Medium Enterprise
SPSS	Statistical Package for the Social Sciences
UBOS	Uganda Bureau of Statistics

ABSTRACT

This study examined the impact of Financial Technology (FinTech) on business growth in Pallisa Town Council, with a focus on three key components: digital payment systems, mobile credit platforms, and e-banking services. The study aimed to determine how the adoption of these FinTech solutions influences operational efficiency, financial management, and overall business performance among small and medium enterprises (SMEs). The research employed a quantitative cross-sectional design, targeting 100 business operators within Pallisa Town Council. Data were collected using structured questionnaires and analyzed through correlation and regression techniques to establish the strength, direction, and predictive power of relationships between FinTech adoption and business growth. The findings revealed that all three FinTech components positively and significantly influence business growth, with digital payment systems demonstrating the strongest effect, followed by e-banking services and mobile credit platforms. These results are interpreted through the lens of Diffusion of Innovation Theory, emphasizing that early adoption of FinTech solutions enhances operational efficiency, transparency, and financial accountability, while promoting wider uptake among the business community. Based on the findings, the study concludes that integrating digital financial solutions into business operations is crucial for promoting growth, sustainability, and competitiveness among SMEs. Recommendations include strengthening the adoption of digital payment systems, mobile credit services, and e-banking platforms to improve financial management, access to working capital, and transaction efficiency. The study acknowledges limitations related to its cross-sectional design, geographical scope, and reliance on structured questionnaires, and suggests areas for further research, including qualitative approaches, longitudinal studies, and exploration of mediating variables. Overall, the study contributes empirical evidence on the transformative role of FinTech in enhancing business growth in developing urban centers, providing practical insights for policymakers, business operators, and financial service providers.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Local governments in Uganda, established under the Local Government Act (1997), are mandated to create an enabling environment for economic development through efficient resource utilization, transparency, and delivery of services to the citizens (MoLG, 2022). Business growth has become central to national and local government agendas as it represents increased productivity, employment creation, innovation, and poverty alleviation (World Bank, 2021). Business growth refers to the sustained expansion in the size, profitability, and market share of enterprises, as well as their ability to scale operations and compete effectively within and outside local market (David & Mwesigwa, 2021). In Pallisa Town Council, like many other Ugandan urban centers, fostering business growth is perceived as a pathway to strengthening local revenue mobilization, improving household incomes, and enhancing community welfare (Lillian & Kiran, 2017).

However, despite deliberate interventions by government agencies, scholars and development partners, evidence continues to show persistent challenges in achieving meaningful business growth (Lijun, 2023). Globally, reports from the United States of America reveal that small and medium enterprises (SMEs) struggle with expansion barriers such as limited access to finance, high operational costs, and regulatory constraints, resulting in a significant proportion of businesses stagnating within the micro-level stage (GAO, 2023). In China, although enterprise creation has been on the rise, long-term sustainability of businesses has been constrained by inefficiencies in institutional support, fragile market linkages, and inadequate growth capital (Christine Wong, 2022; IMF, 2023). Similarly, in Africa, business growth remains sluggish. For instance, in Nigeria, Okwo & Nkwede (2022) attribute low business survival and growth rates to weak institutional capacity, policy inconsistencies, and lack of supportive infrastructure. In Kenya, growth trajectories of enterprises have been undermined by policy gaps, corruption, and high taxation, with national surveys indicating that over 60% of businesses collapse within the first five years of operation (Maina, 2021; Ochieng, 2017).

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