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Unveiling the Nexus of Cryptocurrency as a Mode of Payment in the SME Sector in Sri Lanka

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ABSTRACT

State-of-the-art technology has changed virtually every aspect of global operations, prompting individuals to switch to a contemporary platform rather than traditional business processes. The evolution of payment methods has shifted more towards virtual payments than ever before, and the global spread of cryptocurrency adoption is remarkable. This study aimed to analyze the influencing factors and degree of readiness of SMEs to embrace cryptocurrency as a form of payment, with a particular focus on SMEs in Sri Lanka. The study employed a quantitative survey approach and gathered 240 responses from SMEs registered with the Chamber of Commerce and the Ministry of Industries in Sri Lanka. A self-administered questionnaire method was used to collect primary data, which were then analyzed using descriptive and inferential statistics. According to the findings, respondents were enthusiastic about using cryptocurrencies as a payment method. The study revealed that the SME sector in Sri Lanka is a breeding ground for new payment technologies, particularly among male-owned service-sector SMEs. This study further revealed that social influence and Trust go hand in hand, and that Trust has a significant impact on the adoption of cryptocurrencies, particularly in contexts where distrust in SMEs is a greater challenge and perceptions of the rule of law are strongest. The findings implied that transaction openness and more accessible information on the opaque legal issues around cryptocurrencies, particularly the distinct roles of the many regulatory authorities and platform security, should be reinforced. Regular security audits, disclosing vulnerabilities and solutions, and responding to users' complaints and inquiries must all be managed in a well-organized manner within the unorganized sector.

1. Introduction

Cryptocurrency is a breakthrough innovation in the fiscal landscape that replaces traditional currencies with digital assets that offer decentralization, security, and anonymity (Kim & Park, 2018; Mutiso & Maguru, 2020; Vasudevan & Piazza, 2024). Current breakthroughs in financial technology have driven significant change across global economies, particularly in the fiscal sector, influencing how individuals purchase and sell products and services. Due to its distinct benefits over established banking systems, cryptocurrency is increasingly accepted as a form of payment. The decentralization of cryptocurrencies is one of its main advantages, as it enables peer-to-peer

transactions without the need for intermediaries like banks. This leads to cheaper transaction costs and quicker processing times, particularly for cross-border payments. Because every transaction is recorded on an immutable ledger, blockchain technology also improves confidence through security and transparency.

Additionally, accessible cryptocurrencies enable people in underbanked areas to participate in the global economy. In addition to attracting tech-savvy clients, companies that embrace cryptocurrency are also putting themselves at the forefront of financial innovation as more people recognize the need for digital currency transactions. Overall, cryptocurrency's efficiency, security, and growing acceptability make it an appealing payment alternative in today's digital market.

Cryptocurrencies are a novel form of digital currency that operates differently from cash-based payment systems. This currency is not subject to central authority regulation or financial institution tracking systems (Mutiso & Maguru, 2020). Each cryptocurrency is supported by a peer-to-peer network called a blockchain, which ensures that all cryptocurrencies are tracked through trading or digital wallets. The first cryptocurrency to trade on the market was Bitcoin, which enables transactions between a buyer and a seller via a digital ledger system, guaranteeing participants' anonymity while ensuring accuracy and transparency. Hileman and Rauchs (2017) assert that the ledger is decentralized and free from third-party intervention, meaning that no one owns it. Here, it is evident that, unlike in rich nations, less money is spent on cryptocurrencies in underdeveloped nations (Figure 2).

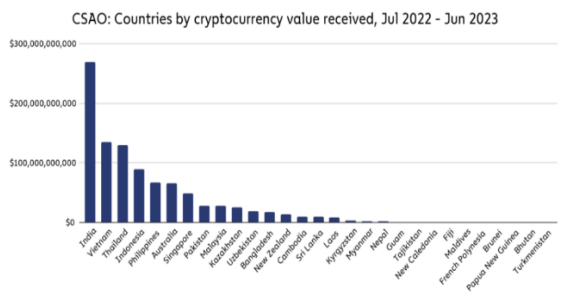

Figure 1: Cryptocurrency value received in Central and South Asian Countries
Source: (Chainanalysis, 2023)

Digital assets are generally described as "electronic files of data that can be owned and transferred by individuals, and used as a way of storing intangible content, such as computerized artworks, videos, or contract documents, or as a currency to make transactions" (Veerasingam & Teoh 2023). These assets can be categorized into five primary classes; however, only cryptocurrency is considered in this analysis. The most well-known cryptocurrency, Bitcoin, has been around since 2009, but very few people are interested in learning how it operates or even how important it is (Vasudevan & Piazza, 2024). With a market valuation of $115,235 million, Bitcoin is used in 96 countries worldwide (CoinMarketCap, 2024). This new payment technique has evolved from an obscure computer algorithm to a widely recognized and approved means of payment (Vasudevan & Piazza, 2024). Statistics suggest that Bitcoin use is increasing dramatically, with an estimated 29,579 transactions per hour, resulting in a daily transaction volume of about 709,882 Bitcoin (CoinMarketCap, 2024). This phenomenal increase in the use of cryptocurrency as a means of payment raises concerns about its extent in developing countries, particularly Sri Lanka. Despite its rising global presence, the penetration and understanding of cryptocurrency as a payment mechanism, particularly in the SME sector, which accounts for more than 70% of the business sector, is uneven in developing nations such as Sri Lanka.

The current business environment in which small and medium-sized enterprises (SMEs) operate is undergoing swift, unparalleled changes and uncertainties, which undoubtedly affect the updating of current strategies. In this study, attention was given to Sri Lanka's SME sector, which employs around 45% of the country's workforce, accounts for more than 75% of all business establishments, and contributes 52% of the country's GDP (Gunawardana, 2020). However, following the pandemic and economic disruption, a notable 18.1% SME failure rate and a negative 26.4% company growth rate were noted (Shafi, Liu, & Ren, 2020; Sriyani, 2022; Ranasinghe, 2021; Nuwan et al., 2023). In light of this concern, SMEs can benefit significantly from using cryptocurrencies as a payment method, as they can increase financial flexibility and minimize transaction costs. Accepting cryptocurrencies allows SMEs to reach a growing customer base that favors digital currency, particularly tech-savvy customers and foreign clientele. This can lead to higher revenue and greater market reach.

Furthermore, bitcoin transactions typically have lower fees than traditional payment methods, which can considerably boost profit margins for smaller enterprises with tighter budgets. The speed of cryptocurrency transactions also enables faster access to funds, improving cash flow management. Furthermore, by embracing innovative payment methods, SMEs may establish themselves as

forward-thinking and adaptive, boosting their brand image and competitiveness in an increasingly digital environment. Overall, incorporating bitcoin into their payment systems can give SMEs a competitive advantage in today's changing economic world.

Despite the high levels of risk, uncertainty, and insecurity associated with cryptocurrencies, the future of this innovative technology remains bright. The use of virtual currency has become somewhat more popular since the emergence of internet enterprises. Numerous entrepreneurs, from small to large, have embraced cryptocurrencies as a means of conducting business, whether they are small-scale brick-and-mortar merchants or internet enterprises (Lee et al., 2015). Studies reveal that over 15,000 shops globally, including well-known brands like Virgin Group Ltd, are now accepting cryptocurrency (Böhme, Christin, Edelman, & Moore, 2018). Many entrepreneurs believe that the potential for radical innovation and entrepreneurship in financial solutions, driven by the proliferation of new Internet-based technologies, is responsible for the birth of cryptocurrencies (Iyidogan 2018; Teo 2015). However, recent studies have made tremendous efforts to understand the historical growth and prospects of fintech innovations. In light of this concern, little attention has been given to studies focusing on the factors that significantly influence the adoption of cryptocurrency by SMEs. Therefore, this study set out to determine how many Sri Lankan SMEs would embrace cryptocurrency as a payment option.

1.2. Research objectives

Research Aim

- To investigate the factors influencing the use of cryptocurrency in the SME sector in Sri Lanka.
- To examine the relationship between factors that mostly affect and the use of cryptocurrency in the SME sector in Sri Lanka.

2 Literature Review

Digital or virtual money that runs on decentralized networks powered by blockchain technology and employs encryption for protection is known as cryptocurrency (Nakamoto, 2008). Cryptocurrencies, unlike fiat currencies, are usually not governed by a single entity, making them impervious to government intervention or manipulation. The public database, known as a blockchain, records transactions involving cryptocurrencies, guaranteeing security and transparency. Any data string written to represent a monetary unit is called a cryptocurrency (Das & Guharay, 2023). By leveraging encryption technology, cryptocurrencies can serve as a medium of exchange and an accounting system. A virtual or digital currency intended for use in commerce is called a cryptocurrency (Li et al., 2023). Similar to actual cash, cryptocurrency operates virtually, relies on cryptography, and has no physical form. According to Sahgeer et al. (2022), the decentralized nature of cryptocurrencies means that they operate independently of banks or central authorities. As such, the introduction of additional units is contingent upon meeting particular requirements. For example, in the case of Bitcoin, miners receive payment in Bitcoin only when a block is added to the blockchain, which is the only way new bitcoins can be created (Oza et al., 2023). Over 1,600 cryptocurrencies were in use as of 2018, demonstrating the rise in popularity of cryptocurrencies over the past few years. This figure is constantly rising. In the domain of cryptocurrency, transactions are associated with a random string of characters rather than the identities of the parties involved, encompassing both private and business data (Nejad et al., 2022). The level of demand and supply may be inferred from the popularity of various virtual currencies. According to Lekshmi et al. (2024), creating a link between contracts and people or entities is quite difficult.

Furthermore, there are no fees or restrictions that might harm users because there is no government regulation or control. Theoretical models and empirical research pertinent to understanding the perceived utility, usability, and trustworthiness of digital currency adoption include Diffusion of Innovations theory, the Unified Theory of adoption and Use of Technology (UTAUT), and the Technology Acceptance Model (TAM). Although there are different theories, common aspects can be identified regarding cryptocurrency adoption.

Perceived usefulness has emerged as an important factor in most empirical investigations on new technology adoption. This factor has also been used to predict the extent to which individuals would accept cryptocurrencies (Browne, 2017). Perceived utility refers to a user's belief that cryptocurrencies are beneficial for making payments, investing, or serving as an inflationary hedge (Koeswandana & Sugino, 2023). Transaction speed, cost reduction, and financial empowerment through decentralized finance (DeFi) are among the perceived utility factors that have been identified as influences on cryptocurrency adoption (Doblas, 2019).

Perceived ease of use, the second essential component of the Technology Acceptance Model, has a major impact on people's willingness to accept new technologies, such as cryptocurrencies. Perceived ease of use, in Davis' words, is "the extent to which an individual thinks that utilizing a specific system would

require no effort" (Mendoza-Tello et al., 2019). Several research studies consistently indicate that the chance of technology adoption increases with perceived ease of use, intuitiveness, and user-friendliness (Dewani et al., 2020; Murugappan, Nair, & Krishnan, 2023). When it comes to cryptocurrencies, perceived ease of use can be measured by how approachable and user-friendly the technology is for a prospective user, which includes how simple it is to obtain, store, and transact in digital currencies as well as comprehend the blockchain, the underlying technology (Sheoran, Gupta, & Karanjule, 2023).

Trust in the use of financial technology (FINTECH) is crucial for handling financial transfers, and it is even more important when digital currencies are involved. Trust plays an important role in the conventional banking industry, as it is developed through third parties such as financial institutions and the regulated sector. Unlike banks and currencies, which are centralized institutions, the cryptocurrency industry is decentralized, with Trust limited to individuals and technology (Santoso, Hardianti, & Setiawan, 2024). This reality alters the structure of Trust and should even be reconsidered, as there are no controlling individuals capable of monitoring the issue and circulation of money (Sukumaran, Bee, & Wasiuzzaman, 2022). All user behavior within the realm of digital financial procedures is their responsibility (Vidhya & Murugesan, 2023). Trust in digital currency plays a crucial role in security issues within the Bitcoin industry. Many security flaws in the digital currency market affect the trustworthiness of transactions using coins (Adnan, Kumari, & Negi, 2022). As with money in general, virtual systems are vulnerable to fraud, hacking, and other illicit activity. People in general and Internet users in particular attribute the currency's dependability to the precautions taken by its guardians. In this instance, the customer trusts the currency only if his digital assets are safe from hacking and the service incurs no direct revenue losses (Mazambani & Mutambara, 2020; Veerasingam & Teoh, 2023). Another critical concern is privacy. One advantage of digital systems is that they can give users more anonymity during activities, though this depends on the currency. VPN connections support a variety of user protection mechanisms (Amaro, 2017). The more privacy protections a business offers, the less user money it generates and the more it operates.

Social influence is the other core component of digital currency, denoting the degree to which a person believes that individuals who are significant to them should use a new technology (Othman et al., 2022). On the one hand, social influence can both motivate and deter the widespread use of cryptocurrency. It is vital to note that others' conduct and attitudes influence a substantial portion of the decision-making process regarding whether to embrace currencies (Sandi & Oktavia, 2022). In particular, innovations are perceived as more genuine and reliable when used by peers, friends, celebrities, and other influential people (Vulisetty & Chittella, 2022; Saputri & Kurnia, 2023). However, if there is general skepticism or disapproval of cryptocurrencies within a social group, social influence may also act as a deterrent (Ben Saad, Allaya, Taârit, & Hchaichi, 2022).

In light of the above theories and concerns, we chose these four constructs, namely Perceived usefulness, Perceived ease of use, Trust towards cryptocurrency usage, and Social influence, as the influencing factors of cryptocurrency adoption.

3 Materials and Methods

To accomplish the main purpose of the research, this study established the research framework and the research design process, which consisted of three primary steps: selection of the appropriate unit of analysis, data gathering, and data analysis. Regarding the selection process, Sri Lanka lacks a well-maintained, well-developed SME list. However, the Chamber of Commerce and the Ministry of Industries maintain separate lists of SMEs. We consolidated these two lists and amalgamated them into a single database. After the depletion of multiple entries, the final database consisted of 8438 SMEs for the study's population. Accordingly, this database was considered the newly created contact list of SMEs. After alphabetizing the list, a questionnaire was randomly circulated among 360 SME leaders (180 SME units) and received 240 responses from 120 SME units. The sampling method is critical to the quality of the research, as it identifies and evaluates how respondents were selected to participate in the study (Easterby-Smith et al., 2021). In keeping with the significance of the sampling method, to extract the right subset of the complete entity and the source from which conclusions about the study issue can be drawn. In practice, we observe that SME leaders have to participate in 5-6 surveys per month, and they repeatedly answer the same questions, which leads to common method variance (CMV). One strategy proposed to avoid this CMV issue is to collect data from multiple sources within the same organisation (Wall & Wood, 2005), specifically by selecting 'key' informants (one or more) who respond to questions about which they are more knowledgeable or that are more closely related to their areas of expertise (Huselid & Becker, 2000). As a result, we suggest that adopting a multiple-key-informant approach to data collection is a possible way to expand understanding of the antecedents of organizational resilience. This approach enables the researcher to address the problems raised regarding the single-informant study

strategy. At the beginning, we called each SME owner of 180 SME units, explained the purpose of the survey, and asked them to nominate another SME leader from the following positions who has a sound understanding and experience in FINTECH: Managing Director, Director, CEO, Finance Manager, and Accountant. To ensure the validity and reliability of the data, a pilot test was conducted with 10 participants. It is revealed that the Cronbach's alpha value for this data is greater than 0.7, indicating the reliability of the research. Moreover, the collected data were analysed using descriptive statistics, which provide the central tendency of the data and how the responses are dispersed. Further, inferential statistics, such as regression analysis and correlation, were used in this study to determine the strength of the relationship between the variables.

4 Results and Discussion

Descriptive and inferential statistics were used to analyze the primary data in SPSS 25. When research participants were asked to identify the SME sector in which they operated. The results showed that 14.7% of SMEs operated in other minor industries, 15.5% in the manufacturing sector, 8% in trading, and 61.8% in the services sector. Additionally, the findings revealed the following statistics.

Table 1: Overall summary of Cryptocurrency adoption

Factor	Mean	Variance	STD	Skewness	Kurtosi
Perceived ease of use	3.27	0.64	0.801	0.175	1.03
Perceived usefulness	3.32	0.38	0.617	0.223	1.45
Trust towards cryptocurrency	3.29	0.35	0.594	0.451	0.215
Social Influence	3.20	0.55	0.743	0.269	0.527
Cryptocurrency adoption	3.23	0.34	0.588	0.212	0.581

The findings in Table 1 indicate that the skewness and kurtosis values for the considered variables and their items fall within the acceptable range (+/-3 for skewness and +/-10 for kurtosis). It indicates no significant deviation from normality in the distribution of responses. The highest mean among the factors considered in the study was perceived usefulness, which plays an important role in driving user adoption and acceptance, since SMEs are more willing to interact with a technology they believe will deliver actual benefits to their financial operations.

3.1 The Relationship between the Influencing Factors and Cryptocurrency Adoption

Correlation analysis was performed in this study to determine the degree of association between the factors and cryptocurrency adoption. The Pearson correlation coefficient was used in this study to indicate the strength of the association, which ranges from -1 to +1.

Table 2: Correlation between the Influencing Factors and Cryptocurrency Adoption

Variables	Pearson Correlation Coefficient	Sig.
Perceived Ease of Use	0.852	0.000
Perceived Usefulness	0.745	0.000
Trust towards Cryptocurrency	0.722	0.000
Social Influence	0.719	0.000

Based on Table 2, the Pearson correlation coefficient of 0.852 indicated a strong positive relationship between Perceived Ease of Use and cryptocurrency adoption. Higher perceived ease of use is strongly associated with higher adoption of cryptocurrency. The relationship is statistically significant at the 1% level. The literature also indicates that the easier, more user-friendly, and more intuitive a technology is perceived to be, the higher the likelihood of its adoption (Dewani et al., 2020; Murugappan, Nair, & Krishnan, 2023). In the context of cryptocurrencies, perceived ease of use may be reflected in how user-friendly and accessible the technology is for potential users, including the ease of acquiring, storing, and transacting with digital currencies, as well as understanding the underlying technology, the blockchain (Sheoran, Gupta, & Karanjule, 2023).

The Pearson correlation coefficient value of 0.745 showed a strong positive association between perceived usefulness and cryptocurrency adoption. Higher perceived usefulness is strongly associated with higher adoption of cryptocurrency. The relationship is statistically significant at the 0.000 level. The literature indicates that perceived usefulness is a positive and significant predictor of cryptocurrency adoption. In most empirical studies on new technology adoption, perceived usefulness has emerged as a critical factor that affects adoption (Mobreros & Pañales, 2022; Gupta & Bagga, 2017). This variable has further used to determine the extent to which people would adopt cryptocurrency (Browne, 2017). Perceived usefulness is the extent to which a user finds cryptocurrency useful for payments, as an investment channel, or as an inflationary hedge. Therefore, it can increase adoption (Koeswandana & Sugino, 2023). Transaction speed, reduced costs, and financial empowerment through DeFi are among the perceived usefulness aspects studied as influencers of cryptocurrency adoption (Doblas, 2019; Bumin Doyduk, 2019). In this study, which seeks to establish the relationship between perceived usefulness and cryptocurrency adoption, these factors were found to increase adoption.

A strong positive association between Trust in the use of and adoption of cryptocurrency is shown by the Pearson correlation coefficient of 0.722. Increased acceptance of cryptocurrencies is closely

correlated with increased faith in them. At the 1% level, the association is statistically significant. Given this worry, prior research also shows that adoption of cryptocurrencies is positively and significantly correlated with one's level of Trust in cryptocurrencies. Trust is essential to the handling of financial transactions, and it becomes even more important when digital currencies are involved, as several empirical studies have shown (Tamtomo, Farhanah, & Setiawan, 2023). This study has demonstrated the significant influence of Trust on millennials' adoption of cryptocurrencies.

In contrast to digital currencies like cryptocurrencies, confidence in the conventional banking sector is built by third parties like financial institutions or regulated sectors (Arli, van Esch, Bakpayev, & Laurence, 2021). This has not been examined in the current study, which differs from the findings of Arli, van Esch, Bakpayev, and Laurence (2021). The cryptocurrency industry is decentralized, with Trust existing solely between an individual and technology, in contrast to banks and currencies, which are centralized institutions (Santoso, Hardiyanti, & Setiawan, 2024). Because there are no governing bodies to oversee the issuance and distribution of money, this alters the Trust's structure and calls for a reevaluation (Sukumaran, Bee, & Wasiuzzaman, 2022). This study was conducted with the understanding that all activities within the realm of digital financial operations fall under the user's purview.

There is a substantial positive correlation between the independent variable and the Pearson correlation coefficient of 0.719. There is a clear correlation between increased social impact and increased bitcoin adoption. At the 1% level of statistical significance, the link is present. According to earlier research, social impact is a strong and favorable predictor of bitcoin acceptance. An empirical study found that social influence is correlated with an individual's belief that significant others think they should embrace a new technology (Othman et al., 2022). Social influence can both promote and hinder the growth of cryptocurrency use. The behavior and attitudes of others play a major role in influencing the decision to accept or adopt currencies, as stated by Sandi and Oktavia (2022). Innovative ideas are perceived as more genuine and reliable, especially when they are endorsed by celebrities, peers, friends, and other influential figures (Vulisetty & Chittella, 2022; Saputri & Kurnia, 2023). Social influence, however, can also be discouraging if the general opinion in a social group is unfavorable or doubtful of cryptocurrencies (Ben Saad, Allaya, Taârit, & Hchaichi, 2022).

In line with the above arguments, the following hypotheses were tested (Table 3) to understand each relationship.

Table 3: Hypothesis Testing

Statement	Test value	Decision
H1: Perceived Ease of Use is positively correlated with cryptocurrency adoption in SME sector in Sri Lanka	0.00	Alternative hypothesis accepted
H2: Perceived Usefulness is positively correlated with cryptocurrency adoption in SME sector in Sri Lanka	0.00	Alternative hypothesis accepted
H3: Trust towards Cryptocurrency of Use is positively correlated with cryptocurrency adoption in SME sector in Sri Lanka	0.00	Alternative hypothesis accepted
H4: Social Influence of Use is positively correlated with cryptocurrency adoption in SME sector in Sri Lanka	0.00	Alternative hypothesis accepted

4.3 Overall effect of the influencing factors and cryptocurrency Adoption in the SME Sector

According to the study's findings, the vast majority (83.3%) of respondents agreed that they would prefer to use cryptocurrency as a payment method over traditional payment methods. As a result, regression analysis was used to evaluate the extent to which the factors influenced cryptocurrency adoption among Sri Lanka's SMEs.

Table 4: The Effect of Influencing Factors on Cryptocurrency Adoption

Source	Sum of Squares	df	Mean Square	F	Sig.
Regression	24.488	4	6.122	68.961	0.000
Residual	7.990	90	0.089		
Total	32.477	94			

Based on the regression analysis in Table 2, the sum of squares (24.488) accounted for the variance in cryptocurrency adoption described by the model. It accounts for the majority of the total variation (75.4%) and, after error depletion, it was 75.02%. The residual sum of squares (7.990) indicated the model's unexplained variance. The F-value (68.961) indicates that the model considerably improves the prediction of cryptocurrency adoption compared to a model with no predictors. Significance (Sig.) = 0.000 indicates that the factors influence cryptocurrency adoption. The total influence of the factors on cryptocurrency adoption is also assessed in Table 5.

Table 5: Total Influence of the Factors Influencing Cryptocurrency Adoption

Variables	Adoption of Cryptocurrency		
	β	t	*Sig.*
Constant	0.796	4.043	0.000
Perceived Ease of Use	0.544	6.006	0.000
Perceived Usefulness	0.114	1.192	0.000
Trust	0.715	7.768	0.000
Social Influence	0.635	5.539	0.000

The regression analysis indicates that all variables significantly impact the adoption of cryptocurrency, with Trust being the most influential, followed by Social Influence, Perceived Ease of Use, and Perceived Usefulness. Trust and Social Influence go hand in hand and are strong, positive, and significant predictors of cryptocurrency adoption, while perceived usefulness and Perceived Ease of Use are positive and significant second-layer predictors of cryptocurrency adoption. Trust is an essential condition for digital transactions, given the possibility of fraud, and Social influence is also a positive and significant predictor of cryptocurrency adoption. The findings further contribute to an understanding of the determinants of adoption, in general, and of cryptocurrency adoption in particular, in the SME setting.

5. Discussion and Conclusion

The findings showed that all cryptocurrency parameters have a substantial impact on cryptocurrency adoption, with Trust being the most impactful, followed by social influence, ease of use, and perceived usefulness. The use of cryptocurrencies enables financial and payment independence, allowing users to send and receive money with anyone, anywhere in the world, without limits. This is where Trust plays a major part. Furthermore, the results revealed that positive peer pressure is important, but the most important factors influencing customers' behavioral desire to use FinTech services are Trust, social influence, cybersecurity issues, and privacy concerns. The correlation analysis also revealed a substantial positive relationship between the influencing factors and cryptocurrency adoption. The majority of empirical research has consistently found that the more simple, user-friendly, and intuitive a technology is perceived to be, the greater the likelihood of its adoption (Dewani et al., 2020; Murugappan, Nair, & Krishnan, 2023). In the context of cryptocurrencies, perceived ease of use is demonstrated by accessibility and user-friendliness, which increases users' acceptance of the technology, particularly among SMEs (Sheoran, Gupta, & Karanjule, 2023; Gafar, Abenoh, & Ahmed, 2021).

Furthermore, most empirical studies have concluded that perceived usefulness is a critical factor affecting adoption, supporting one of the main findings of this research: a strong positive association between perceived usefulness and the adoption of cryptocurrencies (Mobreros & Pañales, 2022; Gupta & Bagga, 2017). Perceived usefulness is the extent to which a user considers cryptocurrency useful for completing payments and, hence, has the potential to enhance adoption (Koeswandana and Sugino, 2023; Bumin Doyduk, 2019). This study revealed that Trust has a substantial influence on cryptocurrency adoption among SMEs. Many empirical studies have supported the idea that Trust is fundamental to financial transactions, especially when digital currencies are involved (Tamtomo, Farhanah, & Setiawan, 2023; Santoso, Hardiyanti, & Setiawan, 2024). The correlation study results suggest that social impact is substantially connected with increased cryptocurrency adoption. Most empirical studies have indicated that social influence is associated with how much a person believes that significant others feel the person should embrace a new technology (Othman et al., 2022; Sandi & Oktavia, 2022).

The study discovered that Trust and social influence go hand in hand, and we anticipate that active support for cryptocurrencies is connected with a lack of faith in the conventional financial system. Such support might, for example, manifest through the operation of Bitcoin nodes, and it may also influence retailers' desire to accept Bitcoin. Transaction security and resistance to fraud and hacking are enhanced by the decentralized architecture of blockchain technology and the strength of cryptographic algorithms. SMEs need to have faith that their money and private data are secure. Greater confidence in others and risk-taking are likely to enhance bitcoin use and, hence, interest in Bitcoin infrastructure adoption in a region, particularly among retailers accepting bitcoin payments. Cryptocurrencies, which are already a hub for entrepreneurship, have the potential to change the business plans of current players in the entrepreneurship financing space. In conclusion, cryptocurrency trust is a multidimensional concept encompassing security, transparency, decentralization, reputation, regulatory compliance, and SME experience. Building and sustaining this Trust is critical to the continued expansion and acceptance of cryptocurrencies in the financial sector, which is crucial for their adoption in the SME sector.

6. Recommendations

The study found that cryptocurrency as a payment method in the SME sector allows for the replacement of Trust in an intermediary with Trust in the code and rules that specify how the network reaches consensus. This could increase the adoption of cryptocurrencies by enabling

inexpensive and automated verification on distributed ledgers. Thus, we propose that the rise and use of cryptocurrency are caused by a decline in public confidence in banks and the financial system. We define mistrust as a lack of Trust for brevity in our variable definitions. In areas where SMEs have less faith in banks and the financial system, we observe higher activity in Bitcoin node operations. Financial authorities should be concerned about the association between bank distrust and bitcoin adoption, as financial stability and lawful transactions are crucial to the financial system. We find a positive correlation between operating a Bitcoin node and reduced industry concentration in the banking sector, which we interpret as greater banking competition. Ultimately, our findings support the theory that the development of the banking industry, criminal activity, and public mistrust of banks and the financial system are the main drivers of Bitcoin node infrastructure. On the other hand, our findings support the theory that Bitcoin merchants' motivations are primarily driven by risk appetite and criminal justice policies.

The user interface of cryptocurrency platforms should be designed with usability and intuitiveness in mind. Streamlining transaction processes, making digital wallet navigation easier, and constantly showing support resources to help new consumers are a few examples of such efforts. Because the technology is now more approachable, platforms will be able to reach a larger number of new consumers with a simplified use case. However, credibility-building is crucial, especially in the digital currency industry. Platform security should be strengthened, along with greater transparency in transactions and more approachable information about the legal murky areas of cryptocurrencies, including clear responsibilities for the various regulatory agencies. Frequently conducting security audits, disclosing vulnerabilities and their resolutions, and conversing with users on their worries and inquiries are a few examples of how to do this. Marketing plans should be created that leverage social proof to promote adoption and fully utilize social influence. Testimonials from reputable locals or prominent figures in the target demographic groups could support this. To further enhance the acceptance of cryptocurrencies as a payment mechanism, partnerships with service providers and SMEs could be developed and expanded, thereby improving user adoption in the SME sector. As far as we are aware, no thorough study has been conducted on the relationship between mistrust of banks and other financial institutions and support for Bitcoin. However, the topic of bank trust has begun to be examined in other fintech contexts. Consequently, complying with legislation can boost investor and SME's Trust since it shows a degree of legitimacy and oversight, especially when countries and regulatory organizations start to set up frameworks for cryptocurrencies

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