



DETERMINANTS OF CRYPTOCURRENCY INVESTMENT INTENTION AMONG SRI LANKAN INDIVIDUAL INVESTORS: THE MODERATING ROLE OF FINANCIAL LITERACY WITHIN THE UTAUT FRAMEWORK

W.M.I.C. Keerthikumara

SLJBF 08.02.03: pp. 33-55

ISSN 2345-9271 (Print)

ISSN 2961-5348 (Online)

DOI: <https://doi.org/10.4038/sljbv.v8i2.74>

Abstract

Cryptocurrency, defined as a digital or virtual currency that uses cryptography for security, has emerged as a significant innovation in the financial sector. In Sri Lanka, cryptocurrency investment faces legal prohibitions and regulatory restrictions; nevertheless, interest in digital currency investment continues to grow. This study explores the applicability of the Unified Theory of Acceptance and Use of Technology (UTAUT) in understanding the factors influencing cryptocurrency investment intention among Sri Lankan individual investors. Additionally, it examines the moderating role of financial literacy in shaping these intentions within the context of existing legal constraints. The study employed a quantitative research methodology using primary data collected through an online self-administered questionnaire. An online convenience sampling approach was adopted, with the survey distributed via cryptocurrency-related forums, social media groups, and online communities. The final sample comprised 384 Sri Lankan individuals with experience or interest in cryptocurrency investments. The research hypotheses were tested using Hierarchical Multiple Regression Analysis in SPSS. The results reveal that performance expectancy and social influence significantly influence cryptocurrency investment intention among Sri Lankan investors, while effort expectancy and facilitating conditions are statistically insignificant predictors. Financial literacy significantly moderates the relationships between performance expectancy, effort expectancy, facilitating conditions, and investment intention. Notably, the moderating effect between facilitating conditions and investment intention is negative, indicating that such conditions are more influential for individuals with lower levels of financial literacy. However, financial literacy does not significantly moderate the relationship between social influence and investment intention. Given the legal and regulatory sensitivity surrounding cryptocurrency activities in Sri Lanka, participant anonymity and informed consent were strictly ensured to uphold ethical research standards. However, the findings may not generalize beyond online cryptocurrency communities, indicating a key limitation and scope for future research.

Keywords: Cryptocurrency; Investment Intention; UTAUT Framework; Moderation Effect; Sri Lanka

W.M.I.C. Keerthikumara

Email: chathukeer97@gmail.com

Tel: +94778755278

*Department of Banking and Finance, Faculty of Business Studies and
Finance, Wayamba University of Sri Lanka*

1. INTRODUCTION

1.1. Background of Study

Financial investment methods have significantly changed over the past few decades, moving from simple investments in bonds, mutual funds, and common stocks to more complicated financial instruments like futures and options. The development of cryptocurrencies and blockchain technology navigated towards a new era for global financial markets. The cryptocurrency market has experienced exponential growth since its inception in 2008 (Zhao & Zhang, 2021). In recent years, the concept of cryptocurrencies has gained popularity among investors. However, there are specific features for individual investors, as Cryptocurrencies can act as complementary assets to financial instruments to provide alternative investment methods or be used as a hedge against other financial resources (Bui, 2022).

In Sri Lanka, interest in cryptocurrencies has intensified in recent years, particularly during periods of economic uncertainty. The depreciation of the Sri Lankan Rupee and constraints in access to foreign currency have encouraged individuals to explore alternative digital financial assets. According to industry observations, cryptocurrency trading activity in Sri Lanka increased sharply during the recent economic crisis, reflecting heightened investor curiosity and experimentation (Kumar, 2022). This growing interest is further supported by market projections, which estimate that the number of cryptocurrency users in Sri Lanka will reach approximately 1.16Mn by 2026. This equates to 4.56% of the population in 2025, rising to 4.97% the following year (Bianco, 2025). These trends suggest that cryptocurrencies are emerging as a notable digital financial phenomenon within the Sri Lankan investment landscape.



Figure 01-Cryptocurrency Adoption in Sri Lanka

Source: Datawallet (2025)

Despite this growing interest, cryptocurrency-related activities in Sri Lanka operate within a legally restrictive and uncertain regulatory environment. The Central Bank of Sri Lanka (CBSL) has repeatedly issued public warnings discouraging individuals from engaging in cryptocurrency transactions, emphasizing that cryptocurrencies are not recognized as legal tender and that no entities are authorized to offer cryptocurrency-related services in the country. These warnings extend to activities such as cryptocurrency exchanges, Initial Coin Offerings (ICOs), mining operations, custody services, and digital asset investment advisory services. In addition, the CBSL has taken regulatory actions against unauthorized financial schemes, including the identification and banning of several pyramid schemes linked to cryptocurrency promotions, under Section 83C of the Banking Act No. 30 of 1988 (CBSL, 2023). These developments highlight serious concerns regarding financial fraud, investor protection, and systemic risk.

The coexistence of increasing investor interest and stringent regulatory opposition presents a paradox within the Sri Lankan context. While regulatory measures aim to safeguard financial stability and protect investors from illicit activities, a segment of the population—particularly technologically adept and financially inquisitive individuals—continues to show willingness to engage in cryptocurrency investments. This contradiction raises critical questions regarding the behavioral and technological factors that motivate individuals to consider cryptocurrency investments in an environment where legal protection and institutional support are limited.

To address such behavioral dynamics, the Unified Theory of Acceptance and Use of Technology (UTAUT) offers a well-established theoretical framework for examining individual adoption intentions toward new technologies. UTAUT emphasizes four key determinants: performance expectancy, effort expectancy, social influence, and facilitating conditions. Although this framework has been widely applied in studies related to technology adoption and FinTech usage, empirical research applying UTAUT to cryptocurrency investment intention in the Sri Lankan context remains limited. Moreover, existing studies have largely overlooked the role of financial literacy as a moderating factor, despite its potential importance in shaping investors' ability to evaluate risks, interpret information, and make informed decisions—especially under regulatory ambiguity.

Accordingly, this study seeks to fill this empirical gap by investigating the determinants of cryptocurrency investment intention among Sri Lankan individual investors using the UTAUT framework, while examining the moderating role of financial literacy in these relationships. By employing a quantitative research approach based on primary survey data and hierarchical multiple regression analysis, this study contributes to the growing literature on cryptocurrency adoption and FinTech investment behavior in developing economies. The findings are expected to provide valuable insights for policymakers, regulators, and financial educators in designing effective investor awareness initiatives and regulatory responses in legally sensitive digital financial environments.

1.2. Research Problem

The primary aim of this study is to examine the factors influencing cryptocurrency investment intention among Sri Lankan individual investors within a legally restrictive environment, using the Unified Theory of Acceptance and Use of Technology (UTAUT) framework.

The specific objectives of the study are to:

1. To examine the effect of performance expectancy, effort expectancy, social influence, and facilitating conditions on cryptocurrency investment intention among Sri Lankan individual investors.
2. To assess the moderating role of financial literacy on the relationship between UTAUT constructs and cryptocurrency investment intention.
3. To identify which UTAUT factors significantly influence cryptocurrency investment intention in the context of Sri Lanka's regulatory and legal constraints.
4. To contribute empirical evidence on cryptocurrency investment intention from a developing economy with legal ambiguity, thereby extending the application of the UTAUT framework.

2. LITERATURE REVIEW

2.1. Cryptocurrency Investment Intention (CII)

Cryptocurrency investment intention refers to an individual's willingness or planned readiness to invest in digital currencies rather than the actual execution of an investment. Understanding investment intention is particularly important in contexts where regulatory uncertainty or legal restrictions limit observable investment behavior, making intention a more appropriate and measurable construct.

Several key studies provide important insights into cryptocurrency investment intention. Joo et al. (2018) highlight that cryptocurrency is the first popular application of block chain technology and stress its potential to transform the global money transmission system, framing it as a important financial innovation. Further, Joo et al. (2020) draw a parallel between the digital mining processes of cryptocurrencies and the production of precious metals, offering a perspective on the resource-intensive nature of crypto assets that may influence investor decisions. Lim et al. (2023) describe blockchain as a cryptographically secured distributed ledger, which underpins the trust and transparency essential for investor adoption. Wu et al. (2021) point to the rapid growth of the cryptocurrency market, noting that over 7,000 cryptocurrencies with a market capitalization exceeding USD 300 billion existed as of mid-2020—evidence of growing investor interest and participation. Finally, Urquhart (2016) highlights the growth of behavioral finance in the context of cryptocurrency markets, supporting the relevance of psychological and behavioral factors in understanding how and why investors choose to engage with digital currencies. These studies collectively contribute to understanding the technological, financial, and behavioral dimensions of cryptocurrency investment decisions.

In the Sri Lankan context, cryptocurrency investment intention is shaped by a unique paradox: increasing interest in digital assets despite legal prohibitions and regulatory warnings. Because cryptocurrency-related activities are not legally recognized or protected, individuals' investment behavior cannot always be directly observed, making *investment intention* a particularly suitable dependent variable for empirical analysis. This study therefore adopts cryptocurrency investment intention as the primary outcome variable to better capture investor decision-making under legal ambiguity.

2.2. Unified Theory of Acceptance and Use of Technology (UTAUT)

UTAUT is a popular technology adoption model that focuses on the factors of successful information systems implementation (Al-Mamary et al., 2015). Whether with additional factors or not, UTAUT model was utilized in several cryptocurrency adoption studies among users (Ter Ji-Xi et al., 2021), the adoption of cryptocurrencies in small and medium businesses (Roos, 2015), and the adoption of bitcoin (Gunawan & Novendra, 2017). The widespread application of UTAUT is due to its great explanatory power. According to Beh et al. (2021), when compared to other acceptance theories, the UTAUT model has high explanatory power for technology adoption. Consequently, UTAUT is selected for this investigation.

As per the unified theory of acceptance and use of technology (UTAUT) developed by (Venkatesh et al., 2003) identified four key factors influence individual's behavioral intention to technology. They are performance expectancy, effort expectancy, social influence and facilitating condition. In the context of cryptocurrency investment UTAUT is relevant which means it provides a comprehensive and methodical approach to understanding technology acceptance. Previous research study has shown that UTAUT can explain over 70% of new technology usage intentions by highlighting its relevance for understanding cryptocurrency investment behaviors (Dwivedi et al., 2019), (Bland et al., 2024).

In legally restrictive environments such as Sri Lanka, UTAUT is particularly relevant because it allows researchers to examine *perceptions and intentions* rather than actual usage behavior, which may be suppressed or hidden due to regulatory concerns

2.2.1. Factors Affecting to Cryptocurrency Investment Intention (UTAUT Factors)

Performance Expectancy

Performance expectancy means it is a belief by using a particular technology, tool in investment will yield beneficial results. According to the previous studies "performance expectancy could be a certainty within the intellect of an individual that utilization of particular mechanism will improve his or her performance level" (S. Gupta et al., 2021)(Dinani et al., 2024).

Alalwan et al. (2017), Diep et al. (2016), and Shaw and Sergueeva (2019) found that Performance Expectancy positively and significantly influences users' behavioral intention to use cryptocurrency.

Effort Expectancy

Effort expectancy is a concept which is derived from the Unified Theory of Acceptance and Use of Technology. Hence, effort Expectancy mainly influences on

cryptocurrency investment decision making behavior by shaping the perception of ease of use. Users are more likely to adopt the technology when the features are user friendly and easy to use (Dinani et al., 2024).

Effort Expectancy significantly influences user attitudes and behavior towards the technology, making understanding and managing this aspect crucial for creating a successful and user-friendly digital experience (Lin, n.d.). However, in the context of cryptocurrency adoption, Yusof et al. (2018) found that Effort Expectancy had an insignificant impact. This suggests that when it comes to cryptocurrencies, users may place greater emphasis on other factors.

Social Influence

Social influence can be identified as the individual's perception of the importance of others support for using new system which can be directly influence their intension to use a technology (Dinani et al., 2024). Social influence measures how it is influential to others such as friends opinion, superiors in hierarchy affects users behavior. Another important variable coming under social influence is social media. Social media is a powerful platform which enable individuals to present themselves for interaction, collaboration, sharing, and communication with other users

Nseke (2018) confirmed the significant impact of social influence on users' intention to adopt and use cryptocurrency.

Facilitating Condition

According to S. Gupta et al. (2021) and Venkatesh et al. (2003), facilitating condition can be identified as users perception of the availability of technological infrastructure and support required to use cryptocurrency.

Existing literature has identified facilitating conditions as a crucial factor influencing the intention to use cryptocurrency (Venkatesh et al., 2012; Beh et al., 2021; Wang et al., 2024). However, Yeong et al. (2022) reported an insignificant effect of facilitating conditions on cryptocurrency adoption, suggesting that in certain contexts, users may not view external support or infrastructure as a determining factor in their decision to adopt cryptocurrencies.

2.3. Moderating role of Financial Literacy

Several scholars have argued that individuals with higher financial literacy are more likely to comprehend the benefits and risks associated with digital financial tools, including cryptocurrencies, thereby strengthening the impact of performance expectancy and effort expectancy on behavioral intention (Potrich et al., 2016; Alghamdi, 2021). Moreover, financial literacy may enhance the effect of facilitating conditions by enabling users to better utilize available technological support. Conversely, individuals with low financial literacy may rely more heavily on social influence when making adoption decisions. Although the UTAUT model does not originally include financial literacy as a moderator, integrating it has provided deeper insight into the varying behavioral responses across different user segments in financial technology contexts (Hasan et al., 2020; Al Mamun et al., 2022).

Alomari and Abdulla (2023) found that financial literacy moderates the relationships between performance expectancy, social influence, security, and the behavioral intention to use cryptocurrency.

In the Sri Lankan context characterized by regulatory ambiguity and rising exposure to cryptocurrency-related scams, financial literacy is expected to play a particularly important moderating role in shaping cryptocurrency investment intention.

3. METHODOLOGY

Based on the scope of the literature review, the following research model and hypotheses were developed for the study. The dependent variable is Cryptocurrency Investment Decision (CII), while Performance Expectancy (PE), Effort Expectancy (EE), Social Influence (SI), and Facilitating Conditions (FC) serve as the independent variables. Financial Literacy is introduced as a moderating variable. These variables were identified and adopted from previous studies of several authors (Alomari and Abdullah (2023) ; Miraz et al., 2022; Abbasi et al. (2021); Arias-Oliva et al. (2019); Khalilzadeh et al. (2017)).

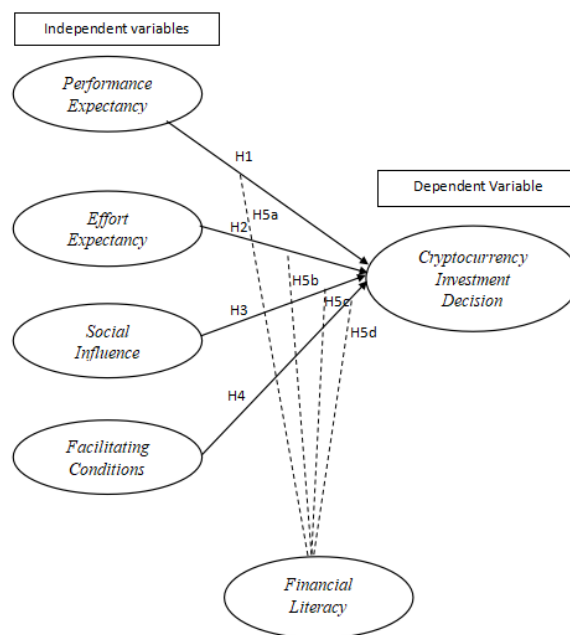


Figure 2- Conceptual Framework

Source: Developed by the Author

Hypotheses

H1: Performance Expectancy has a significant impact on Cryptocurrency Investment Intention among investors in Sri Lanka.

H2: Effort Expectancy has a significant impact on Cryptocurrency Investment Intention among investors in Sri Lanka.

H3: Social Influence has a significant impact on Cryptocurrency Investment Intention among investors in Sri Lanka.

H4: Facilitating Conditions have a significant impact on Cryptocurrency Investment Intention among investors in Sri Lanka.

H5a: Financial Literacy significantly moderates the relationship between Performance Expectancy and Cryptocurrency Investment Intention among investors in Sri Lanka.

H5b: Financial Literacy significantly moderates the relationship between Effort Expectancy and Cryptocurrency Investment Intention among investors in Sri Lanka.

H5c: Financial Literacy significantly moderates the relationship between Social Influence and Cryptocurrency Investment Intention among investors in Sri Lanka.

H5d: Financial Literacy significantly moderates the relationship between Facilitating Conditions and Cryptocurrency Investment Intention among investors in Sri Lanka.

Table 01 -Operationalization Table

Variable	Indicator	Question	Measurement Scale	Source
Cryptocurrency Investment Intention	Willingness to use crypto if given the chance.	CII1	5 Point Likert Scale	Khalilzadeh et al. (2017)
	Belief that one should use crypto if given the chance.	CII2		
	Intention to use crypto if the opportunity arises.	CII3		
Performance Expectancy	Belief that crypto helps achieve important goals	PE1		Arias-Oliva et al. (2019)
	Belief that crypto speeds up goal accomplishment.	PE2		
	Belief that crypto can improve one's standard of living.	PE3		
Effort Expectancy	Perception that learning crypto is easy.	EE1		Arias-Oliva et al. (2019)
	Confidence in understanding and using crypto.	EE2		
	Perception that using crypto is easy.	EE3		
	Confidence in mastering crypto usage.	EE4		
Social Influence	Influence from people who affect decision-making.	SI1		Abbasi et al. (2021)
	Encouragement from important people to use crypto.	SI2		

	Support from leadership for crypto adoption.	SI3	
	General organizational support for crypto use.	SI4	
Facilitating Condition	Availability of necessary resources to use crypto.	FC1	Abbasi et al. (2021)
	Sufficient knowledge to use crypto.	FC2	
	Compatibility of existing technologies with crypto	FC3	
	Availability of assistance when facing crypto issues.	FC4	
Financial Literacy	Self-assessed financial expertise.	FL1	Arias-Oliva et al. (2019)
	Skills in managing finances.	FL2	
	Awareness of saving and investment benefits.	FL3	
	Importance placed on maintaining a daily written budget.	FL4	

The researcher adopts a positivist approach, which asserts that there is a single truth that can be uncovered through quantifiable data. Positivism is grounded in the belief in the objective reality of the world and relies on empirical evidence to validate hypotheses (Saunders et al., 2019). This approach aligns with the aim of this study to investigate the relationships between variables influencing cryptocurrency investment decisions in Sri Lanka using quantitative data. Accordingly, employing the deductive reasoning, the hypotheses are derived from existing theories and literature and are then tested using quantitative data collected from questionnaire. Deductive reasoning involves moving from general principles to specific instances, making it suitable for hypothesis testing in quantitative research.

Data for this study were collected through an online self-administered questionnaire. The use of an online platform enabled the researcher to reach a broader audience of cryptocurrency users and investors across different regions of Sri Lanka. The questionnaire was distributed via cryptocurrency-related forums, social media groups, and online communities. As a result, the sample primarily represents individuals who are active in online crypto communities rather than the entire population of cryptocurrency investors in Sri Lanka. Therefore, the findings should be interpreted as reflecting the behavior and perceptions of digitally active cryptocurrency investors, and caution should be exercised when generalizing the results to offline or less digitally engaged investor groups in Sri Lanka.

The questionnaire has been designed based on previous studies, and has been considered as having acceptable reliability and related to relevant studies, as explained in the conceptual framework. The questionnaire comprised two sections: demographic profiles and Likert scale questions items related to Performance

Expectancy (PE) (three items), Effort Expectancy (EE) (four items), Social Influence (SI) (four items), Facilitating Condition (FC) (four items), Financial Literacy (FL) (four items) and Cryptocurrency Investment Decision (CII) (three items).

Using the Unified Theory of Acceptance and Use of Technology (UTAUT) model, this study aims to determine the major determinants of cryptocurrency investment decisions made by individual investors in Sri Lanka, with a focus on the moderating effect of financial literacy. The target population comprises Sri Lankan residents who aged 18 and above and are currently investing or have previously invested in cryptocurrencies, including both active (frequent traders) and passive (long-term holders) participants. This population was selected to ensure contextual relevance to the Sri Lankan financial and regulatory landscape, which is characterized by increasing digital adoption and varying levels of financial literacy.

Convenient sampling is employed to select sample for the study. This method is chosen due to its ease of access to potential respondents and the practical constraints of conducting research within a specific timeframe and budget. The sample size is determined based on Krejcie and Morgan Table. A sample of 384 Sri Lankan individuals engaged in cryptocurrency investments was used for this study.

The collected data was analyzed using Statistical Package for the Social Sciences (SPSS) version 26. The analysis involved; Descriptive Statistics to summarize demographic information and the distribution of responses, Reliability Analysis using Cronbach's Alpha to assess internal consistency of the constructs, Correlation Analysis to examine the strength and direction of relationships between variables, Multiple Linear Regression to identify the most significant predictors of behavioral intention to use cryptocurrency, and additionally hierarchical multiple regression analysis was conducted to examine the moderating effect of financial literacy on the relationship between the independent variables and the dependent variable (Cryptocurrency Investment Intention).

4. RESULTS AND DISCUSSION

4.1. Sample Profile

Responses were gathered from 384 respondents and analyzed. SPSS 26 was used to analyze demographic data. Males account for the majority of the respondents (56.3%). Based on age group, most respondents are between 26-35 years old (41.4%). Most of the respondents have an education up to OL (52.3%).

4.2. Validity and Reliability Analysis

Table 02 - Summary of Validity Analysis and Cronbach's Alpha

Variable	Validity		Reliability	
	Kaiser-Meyer-Olkin Measure of Sampling Adequacy	Bartlett's Test of Sphericity Approx. Chi-Square Sig.	Cronbach's alpha	No. of Items

Cryptocurrency Investment Intention	.676	791.889	.000	.899	3
Performance Expectancy	.731	579.245	.000	.859	3
Effort Expectancy	.735	1605.703	.000	.945	4
Social Influence	.799	1489.385	.000	.937	4
Facilitating Condition	.779	1160.164	.000	.903	4
Financial Literacy	.599	456.099	.000	.713	4

An Exploratory Factor Analysis (EFA) was conducted to assess the construct validity of the measurement scales. Principal Axis Factoring with Varimax rotation was employed. The Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy exceeded the recommended threshold of 0.50, and Bartlett’s Test of Sphericity was significant ($p < 0.001$), confirming the suitability of the data for factor analysis.

All items loaded strongly on their respective constructs, with factor loadings exceeding 0.50 and minimal cross-loadings. The extracted factors corresponded well with the theoretical constructs of Performance Expectancy, Effort Expectancy, Social Influence, Facilitating Conditions, Financial Literacy, and Cryptocurrency Investment Decision, supporting the construct validity of the measurement model.

If Cronbach’s alpha is more than 0.7, it can be assumed that the collected data set is consistent and dependable. All the variables show higher Cronbach's alpha values over 0.7. Hence, all the variables are reliable and internally consistent enough to run the statistical tests.

4.3. Assumption Testing for Regression Analysis

4.3.1. Normality

According to Field (2013) and Pallant (2020), data is considered to be approximately normally distributed if the points on the P–P plot lie close to the diagonal reference line, indicating that the observed cumulative probabilities match the expected values from a normal distribution.

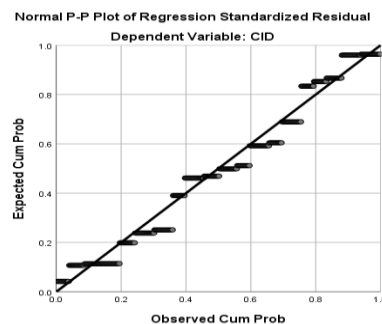


Figure 3-Normal P-P Plot of Regression Standardized Residual

The Normal P–P Plot of regression standardized residuals shows that the observed cumulative probabilities closely follow the expected diagonal line. This indicates that the residuals are approximately normally distributed. Therefore, the assumption of normality of residuals is considered met.

4.3.2. Linearity

According to Field (2013) and Pallant (2020), the assumption of linearity is supported when the residuals are randomly and evenly scattered around the horizontal axis (the zero line), showing no clear pattern.

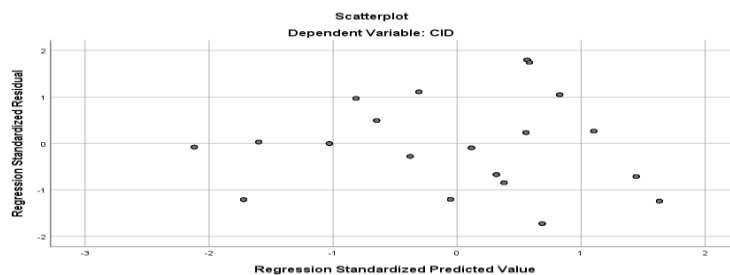


Figure 4- Scatterplot

The scatterplot of standardized residuals against standardized predicted values shows that the residuals are randomly dispersed around the horizontal axis, with no clear curved or systematic pattern. This indicates that the relationship between the independent variables and the dependent variable is approximately linear. Therefore, the assumption of linearity is considered met.

4.3.3. Homoscedasticity

According to Field (2013) and Pallant (2020), the assumption of homoscedasticity (constant variance of residuals) is also considered satisfied if the spread of residuals is roughly equal across all levels of predicted values.

The scatterplot shows that the standardized residuals are fairly evenly scattered around the horizontal axis, with no clear funnel shape or systematic pattern in the spread. Although there is slight variation in the vertical spread across predicted values, it is not severe. This suggests that the assumption of homoscedasticity (constant variance of residuals) is reasonably met.

4.3.4. Absence of Multicollinearity

Variance Inflation Factor (VIF) values ranged between 1.3 and 4.8, which are below the recommended threshold of 5, indicating no serious multicollinearity concerns.

4.3.5. Common Method Bias

Table 03 -Common Bias Method Test

Component	Total Variance Explained		
	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	10.084	45.838	45.383
2	6.427	28.925	74.308
3	1.323	6.015	80.323
4	1.068	4.855	85.178
5	0.796	3.616	88.795
6	0.5	2.274	91.069
7	0.44	2.001	93.07
8	0.395	1.794	94.864
9	0.291	1.322	96.186
10	0.241	1.096	97.282
11	0.189	0.858	98.141
12	0.132	0.602	98.743
13	0.123	0.561	99.304
14	0.042	0.189	99.493
15	0.036	0.164	99.657
16	0.029	0.131	99.788
17	0.023	0.104	99.893
18	0.014	0.065	99.958
19	0.009	0.042	100
20	6.68E-16	3.04E-15	100
21	-1.25E-15	-5.69E-15	100
22	-3.87E-15	-1.76E-14	100

Harman's single-factor test was conducted, and the first factor accounted for less than 50% of the total variance, suggesting that common method bias is unlikely to be a serious concern.

4.4 Correlation Analysis

Table 04 -Correlations

		Correlations				
		CII	PE	EE	SI	FC
CII	Pearson Correlation	1	.823**	.781**	.866**	.827**

Determinants of Cryptocurrency Investment Intention among Sri Lankan Individual Investors: The Moderating Role of Financial Literacy within the UTAUT Framework

	Sig. (2-tailed)	.000	.000	.000	.000
	N	384	384	384	384
PE	Pearson Correlation	.823**	1	.745**	.792**
	Sig. (2-tailed)	.000		.000	.000
	N	384	384	384	384
EE	Pearson Correlation	.781**	.745**	1	.857**
	Sig. (2-tailed)	.000	.000		.000
	N	384	384	384	384
SI	Pearson Correlation	.866**	.792**	.857**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	384	384	384	384
FC	Pearson Correlation	.827**	.802**	.826**	.812**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	384	384	384	384

** . Correlation is significant at the 0.01 level (2-tailed).

According to the above table, Performance Expectancy, Effort Expectancy, Social Influence and Facilitating Conditions are strongly positively correlated with Cryptocurrency Investment Decision. Further, the p-values of all the variables are less than 0.05 (0.001). Therefore, all the correlations are statistically significant at a 5% significance level.

4.5. Hierarchical Multiple Regression Analysis

Prior to creating interaction terms, all independent variables and the moderator (Financial Literacy) were mean-centered to reduce multicollinearity and improve interpretability of interaction effects (Aiken & West, 1991).

Table 05 - Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.895 ^a	.802	.800	.28354
2	.956 ^b	.914	.912	.18848
a. Predictors: (Constant), FC, PE, SI, EE				
b. Predictors: (Constant), FC, PE, SI, EE, FL*PE, FL, FL*EE, FL*SI, FL*FC				

The first model measured the direct effect of the independent variables (PE,EE,SI,FC) on the dependent variable(CII). The second model incorporated the moderating variable (FL) along with its interaction terms with the four independent variables to evaluate moderation effects. Looking at the R-squared values, both the models provide over 0.8 R-squared values. It revealed that both models accounted for over 80% of the variance in the dependent variable. This indicates that both models are statistically significant, with the independent variables and the moderator collectively explaining a substantial portion of the variation in cryptocurrency investment intention. The relatively high R^2 values may partly reflect shared method variance inherent in self-reported survey data and conceptual overlap among UTAUT constructs, which has also been observed in prior FinTech adoption studies. However, procedural and statistical remedies for common method bias were applied, and discriminant validity was confirmed, reducing concerns regarding inflated explanatory power.

The inclusion of interaction terms in Model 2 resulted in a significant increase in explained variance ($\Delta R^2 = 0.112$, $p < 0.001$), indicating that financial literacy provides meaningful explanatory power beyond the main effects model. The F-change statistic was significant, confirming the presence of moderation effects.

Table 06 -ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123.289	4	30.822	383.377	.000 ^b
	Residual	30.470	379	.080		
	Total	153.759	383			
2	Regression	140.473	9	15.608	439.341	.000 ^c
	Residual	13.287	374	.036		
	Total	153.759	383			
a. Dependent Variable: Cryptocurrency Investment Intention						
b. Predictors: (Constant), FC, PE, SI, EE						
c. Predictors: (Constant), FC, PE, SI, EE, FL*PE, FL, FL*EE, FL*SI, FL*FC						

The significance of the F statistic is 0.000 in both the models are less than 0.05. This depicts that both the models are statistically significant at a 5% significance level.

Table 07 -Coefficients

Model		Unstandardized Coefficients		Standardize d Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.285	.014		296.121	.000
	PE	.228	.025	.360	9.111	.000
	EE	.038	.039	.060	.991	.322
	SI	.340	.037	.536	9.277	.000
	FC	.005	.050	.007	.090	.928
2	(Constant)	4.318	.012		349.551	.000
	PE	.085	.018	.134	4.670	.000
	EE	.039	.031	.061	1.252	.211
	SI	.358	.039	.564	9.238	.000
	FC	.041	.047	.065	.883	.378
	FL	.148	.016	.233	9.522	.000
	FL*PE	.095	.025	.149	3.826	.000
	FL*EE	.138	.035	.193	3.959	.000
	FL*SI	.040	.030	.074	1.334	.183
	FL*FC	-.416	.053	-.647	-7.846	.000

a. Dependent Variable: Cryptocurrency Investment Intention

Model 1 considers the direct effect each independent variable (PE, EE, SI, FC) has towards the cryptocurrency investment decision (CII). The coefficient of the constant in model 1 is 4.285 depicting that the of the investors can vary by 4.285 in the positive direction when all the independent variables (PE, EE, SI, FC) are held constant.

Performance Expectancy (PE) and Social Influence (SI) are statistically significant determinants that affect Cryptocurrency Investment Intention (since significant value < 0.050). But Effort Expectancy and Facilitating Conditions are reported as statistically insignificant (since Sig. Value > 0.050).

The regression equation for Model 1:

$$CII=4.285+0.228PE+0.340SI+ \epsilon$$

Model 2 highlight that Performance Expectancy (PE), Social Influence (SI), and Financial Literacy (FL) are significant positive predictors of CII. Importantly, the inclusion of interaction terms reveals that Financial Literacy significantly moderates

the relationship between: PE and CII (positive moderation), EE and CII (positive moderation), and FC and CII (negative moderation).

The regression equation for Model 2:

$$CII=4.318+0.085PE+0.358SI+0.148FL+0.095FL*PE+0.138FL*EE-0.416FL*FC+ \epsilon_i$$

CII= Cryptocurrency Investment Decision

PE= Performance Expectancy

SI= Social Influence

FL=Financial Literacy

FL*PE=Interaction between *Financial Literacy (FL)* and *Performance Expectancy (PE)*

FL*EE=Interaction between *Financial Literacy (FL)* and *Effort Expectancy (EE)*

FL*FC=Interaction between *Financial Literacy (FL)* and *Facilitating Conditions (FC)*

ϵ_i = Error term

4.5.1 Hypothesis Testing

H1: Performance Expectancy has a significant impact on Cryptocurrency Investment Intention among investors in Sri Lanka.

The unstandardized coefficient B value of Performance Expectancy (PE) is 0.228. It indicates a positive impact and it says that if Performance Expectancy (PE) increases by 1 unit the Dependent Variable will increase by 0.228 units. The p-value of the PE is 0.000 (0.000<0.05), thus, there is a significant direct relationship between PE and CII. Therefore, the H1: hypothesis is accepted.

This finding is consistent with prior studies, such as those conducted by Alalwan et al. (2017), Diep et al. (2016), and Shaw and Sergueeva (2019), which also found that Performance Expectancy positively and significantly influences users' behavioral intention to use cryptocurrency.

H2: Effort Expectancy has a significant impact on Cryptocurrency Investment Intention among investors in Sri Lanka.

The unstandardized coefficient B value of Effort Expectancy (EE) is 0.038. It indicates a positive impact and it says that if Effort Expectancy (EE) increases by 1 unit the Dependent Variable will increase by 0.038 units. The p-value of the EE is 0.322 (0.322>0.05), thus, there is no significant direct relationship between EE and CII. Therefore, the H2: hypothesis is rejected.

This finding is consistent with a prior study conducted by Yusof et al. (2018) reported an insignificant effect of effort expectancy on cryptocurrency adoption.

H3: Social Influence has a significant impact on Cryptocurrency Investment Intention among investors in Sri Lanka.

The unstandardized coefficient B value of Social Influence(SI) is 0.340. It indicates a positive impact and it says that if Social Influence(SI) increases by 1 unit the Dependent Variable will increase by 0.340 units. The p-value of the SI is 0.000 ($0.000 < 0.05$), thus, there is a significant direct relationship between SI and CII. Therefore, the H3: hypothesis is accepted.

This finding is consistent with a prior study conducted by Nseke(2018), confirmed the stimulating impact of social influence on users' intention to utilize cryptocurrency.

H4: Facilitating Conditions have a significant impact on Cryptocurrency Investment Intention among investors in Sri Lanka.

The unstandardized coefficient B value of Facilitating Conditions (FC) is 0.005. It indicates a positive impact and it says that if Facilitating Conditions (FC) increases by 1 unit the Dependent Variable will increase by 0.005 units. The p-value of the FC is 0.928 ($0.928 > 0.05$), thus, there is no significant direct relationship between FC and CII. Therefore, the H4: hypothesis is rejected.

This finding is consistent with a prior study conducted by Yeong et al. (2022) found an insignificant effect of facilitating conditions on cryptocurrency adoption.

H5a: Financial Literacy significantly moderates the relationship between Performance Expectancy and Cryptocurrency Investment Intention among investors in Sri Lanka.

The Moderator Effect of FL on the relationship between PE and CII is statistically significant as the P value of the moderator effect is 0.000 ($0.000 < 0.05$). Therefore, the H5a: hypothesis is accepted.

H5b: Financial Literacy significantly moderates the relationship between Effort Expectancy and Cryptocurrency Investment Intention among investors in Sri Lanka.

The Moderator Effect of FL on the relationship between EE and CII is statistically significant as the P value of the moderator effect is 0.000 ($0.000 < 0.05$). Therefore, the H5b: hypothesis is accepted.

H5c: Financial Literacy significantly moderates the relationship between Social Influence and Cryptocurrency Investment Intention among investors in Sri Lanka.

The Moderator Effect of FL on the relationship between SI and CII is not statistically significant as the P value of the moderator effect is 0.183 ($0.183 > 0.05$). Therefore, the H5C: hypothesis is rejected.

H5d: Financial Literacy significantly moderates the relationship between Facilitating Conditions and Cryptocurrency Investment Intention among investors in Sri Lanka.

The Moderator Effect of FL on the relationship between FC and CII is statistically significant as the P value of the moderator effect is 0.000 ($0.000 < 0.05$). Therefore, the H5d: hypothesis is accepted. Since unstandardized coefficient of B value of FL*FC is -0.416, the interaction between facilitating conditions and investment

intention is negative, suggesting that facilitating conditions exert a stronger influence among individuals with lower financial literacy, whereas financially literate investors rely less on external support infrastructure when forming investment intentions.

5. CONCLUSION

The cryptocurrency adoption and regulation in Sri Lanka have been gradual. The Central Bank of Sri Lanka (CBSL) has been monitoring the issuance, growth, and use of cryptocurrencies, implementing regulations in 2018 to prevent money laundering, enhance transparency, and regulate cryptocurrency exchanges (Gafar et al., 2021). According to Nawang and Azmi (2021), Bitcoin is believed to have been exchanged in Sri Lanka since 2012, despite the absence of government data on cryptocurrency adoption.

This study investigates the factors affecting Cryptocurrency Investment Intention in Sri Lanka via the lens of the UTAUT model. The moderating effect of financial literacy was also investigated between this study's proposed predictors and dependent variables. The outcomes of this study reveal performance expectancy and social influence positively affect the Cryptocurrency Investment Intention among the investors in Sri Lanka. However, Effort Expectancy and Facilitating conditions were discovered to have an insignificant effect on Cryptocurrency Investment Intention. Moreover, this study found significant moderating effects of financial literacy on the relationships between performance expectancy, Effort Expectancy, Facilitating Conditions, and Cryptocurrency Investment Intention. Since unstandardized coefficient of B value of FL*FC is -0.416, the direction of moderation is negative, implying that facilitating conditions matter more for those with lower financial literacy. This implies that highly financially literate investors may rely less on external support (facilitating conditions) as they feel more confident making investment Intentions independently. Conversely, for investors with lower financial literacy, facilitating conditions may play a more important role in influencing their investment Intention.

5.1. Implications of the Study

The findings of this study have important implications for both academics and policy makers. For academics, the study expands the UTAUT model by demonstrating its relevance in the Sri Lankan context, especially in an unregulated environment, and introduces financial literacy as a significant moderating factor in investment Intentions. This highlights the value of considering individual capabilities in future fintech research. For policy makers, the results show that despite cryptocurrency being illegal in Sri Lanka, interest and participation continue to grow—driven by performance expectations, social influence, and financial knowledge. This calls for more proactive approaches, including strengthening financial literacy programs, reassessing regulatory policies, and using trusted social networks to spread awareness and reduce risks. These implications emphasize the need for a balanced strategy that supports informed Intention-making while protecting citizens in an evolving digital financial landscape.

5.2. Suggestions and Recommendations

Based on the findings of this study, it is recommended that policy makers and regulators in Sri Lanka take steps to improve financial literacy through targeted education programs, especially for young and tech-savvy individuals who are more likely to engage in cryptocurrency investments. Given the rising interest in crypto despite its current illegal status, authorities should consider reviewing the regulatory framework and explore the possibility of creating a safer, more controlled environment for digital asset use. In addition, since social influence strongly affects investment Intentions, trusted community figures and influencers can be used to spread awareness and accurate information. Risk awareness campaigns should also be developed to educate the public about scams and frauds commonly associated with unregulated platforms. For future academic research, it is suggested to explore additional factors such as risk perception or digital trust, study specific population groups, and use qualitative methods like interviews to gain deeper insights into investor behavior. Researchers are also encouraged to conduct long-term or comparative studies and examine other moderating factors such as digital literacy or technology access to build on the findings of this study.

REFERENCES

- Abbasi, G. A., Tiew, L. Y., Tang, J., Goh, Y. N., & Thurasamy, R. (2021). The adoption of cryptocurrency as a disruptive force: Deep learning-based dual stage structural equation modelling and artificial neural network analysis. *Plos one*, 16(3), e0247582.
- Alalwan, A. A., Dwivedi, Y. K., & Williams, M. D. (2017). Customers' intention and adoption of telebanking in Jordan. *Information Systems Management*, 34(2), 154–178.
- Alghamdi, A. K. H., McGregor, S. L., & El-Hassan, W. S. (2021). Financial literacy, stability, and security as understood by male Saudi university students. *International Journal of Economics and Finance*, 13(7), 7-20.
- Al-Mamary, Y. H., Shamsuddin, A., & Aziati, N. (2015). Investigating the key factors influencing on management information systems adoption among telecommunication companies in Yemen: The conceptual framework development. *International Journal of Energy, Information and Communications*, 6(1), 59-68.
- Al Mamun, A., Azam, S., & Gritti, C. (2022). Blockchain-based electronic health records management: a comprehensive review and future research direction. *IEEE Access*, 10, 5768-5789.
- Alomari, A. S., & Abdullah, N. L. (2023). Factors influencing the behavioral intention to use Cryptocurrency among Saudi Arabian public university students: Moderating role of financial literacy. *Cogent Business & Management*, 10(1), 2178092.

- Arias-Oliva, M., Pelegrín-Borondo, J., & Matías-Clavero, G. (2019). Variables influencing cryptocurrency use: a technology acceptance model in Spain. *Frontiers in psychology*, 10, 475.
- Beh, P. K., Ganesan, Y., Iranmanesh, M., & Foroughi, B. (2021). Using smartwatches for fitness and health monitoring: the UTAUT2 combined with threat appraisal as moderators. *Behaviour and Information Technology*, 40(3), 282–299. <https://doi.org/10.1080/0144929X.2019.1685597>.
- Bianco, A. (2025, August 13). *Best Crypto exchanges in Sri Lanka*. <https://www.datawallet.com/crypto/best-crypto-exchanges-sri-lanka>
- Bland, E., Changchit, C., Cutshall, R., & Pham, L. (2024). Behavioral and Psychological Determinants of Cryptocurrency Investment: Expanding UTAUT with Perceived Enjoyment and Risk Factors. *Journal of Risk and Financial Management*, 17(10). <https://doi.org/10.3390/jrfm17100447>
- Bui, L. (2022). Investor Behavior in the cryptocurrency market: A quantitative study investigating individual investors' adoption intention to Bitcoin in the cryptocurrency market.
- Central Bank of Sri Lanka. (n.d.). <https://www.cbsl.gov.lk/>
- Diep, V. C. S., & Sweeney, J. C. (2016). Green consumer values, motives, and purchasing behavior: A path analysis. *Journal of Retailing and Consumer Services*, 32, 139–146.
- Dinani, K., Kulathunga, K., & Fernando, A. (2024). Factors affecting cryptocurrency investment decisions among Sri Lankan investors: With special reference to UTAUT. In Proceedings of the Annual Emerging Financial Markets and Policy Conference (EFMP) (Vol. 80, p. 105).
- Dwivedi, Y. K., Rana, N. P., Jeyaraj, A., Clement, M., & Williams, M. D. (2019). Re-examining the Unified Theory of Acceptance and Use of Technology (UTAUT): Towards a Revised Theoretical Model. *Information Systems Frontiers*, 21(3), 719–734. <https://doi.org/10.1007/s10796-017-9774-y>
- Field, A. (2013). *Discovering statistics using IBM SPSS statistics*. Sage publications limited.
- Gafar, J., Saeed, S., & Jan, R. (2021). Central Bank Digital Currency: Empirical Evidence from Sri Lanka. *Economics*, 1(3), 192-209.
- Gunawan, F. E., & Novendra, R. (n.d.). *An analysis of Bitcoin acceptance in Indonesia* (Issue 27). Forum Bitcoin.
- Gupta, S., Gupta, S., Mathew, M., & Sama, H. R. (2021). Prioritizing intentions behind investment in cryptocurrency: a fuzzy analytical framework. *Journal of Economic Studies*, 48(8), 1442–1459. <https://doi.org/10.1108/JES-06-2020-0285>

- Guych, N., Anastasia, S., Simon, Y., & Jennet, A. (2018). Factors influencing the intention to use cryptocurrency payments: An examination of blockchain economy.
- Hasan Miraz, M., Hasan, M. T., Rekabder, M. S., & Akhter, R. (n.d.). *Trust-transaction-transparency-volatility-facilitating-condition-performance-expectancy-towards-cryptocurrency-adoption-through-intention-to-use*.
- Hashemi Joo, M., Nishikawa, Y., & Dandapani, K. (2020). Cryptocurrency, a successful application of blockchain technology. *Managerial Finance*, 46(6), 715-733.
- Hashemi Joo, M., Nishikawa, Y., & Dandapani, K. (2018). Announcement effects in the cryptocurrency market. *Applied Economics*, 52(44), 4794-4808.
- Khalilzadeh, J., Ozturk, A. B., & Bilgihan, A. (2017). Security-related factors in extended UTAUT model for NFC based mobile payment in the restaurant industry. *Computers in human behavior*, 70, 460-474.
- Kumar, S. (2022). Turn-of-the-month effect in cryptocurrencies. *Managerial Finance*, 48(5), 821-829.
- Lim, L., & Siripipatthanakul, S. (2023). Disruptive Innovation with Blockchain Technology: A Review Article.
- Lin, C. (n.d.). *Applying the UTAUT Model to Understand Factors Affecting the Use of E-books in Fujian, China*
- Miraz, M. H., Hasan, M. T., Rekabder, M. S., & Akhter, R. (2022). Trust, transaction transparency, volatility, facilitating condition, performance expectancy towards cryptocurrency adoption through intention to use. *Journal of Management Information and Decision Sciences*, 25, 1-20.
- Nawang, N. I., & Azmi, I. M. A. G. (2021). Cryptocurrency: An insight into the Malaysian regulatory approach. *Psychology and Education Journal*, 58(2), 1645–1652.
- Nseke, E. N. (2018). *Adoption of cryptocurrencies: Barriers and motivators* (Master's thesis, Southern New Hampshire University). ProQuest Dissertations Publishing.
- Pallant, J. (2020). *SPSS survival manual: A step by step guide to data analysis using IBM SPSS*. Routledge.
- Potrich, A. C. G., Vieira, K. M., & Mendes-Da-Silva, W. (2016). Development of a financial literacy model for university students. *Management Research Review*, 39(3), 356-376.
- Risks of using and investing in Cryptocurrency* | Central Bank of Sri Lanka. (n.d.). <https://www.cbsl.gov.lk/en/news/risks-of-using-and-investing-in-cryptocurrency-20230329>
- Roos, C. (2015). *The motivation and factors driving crypto-currency adoption in SMEs* (Master's thesis, University of Pretoria (South Africa)).

- Shaw, N., & Sergueeva, K. (2019). The non-monetary benefits of mobile commerce: Extending UTAUT2 with perceived value. *International Journal of Information Management*, 45, 44–55. <https://doi.org/10.1016/j.ijinfomgt.2018.10.024>
- Sri Lanka cryptocurrency users should take own risk: CB officials. (2021, October 18). EconomyNext. <https://economynext.com/sri-lanka-cryptocurrency-users-should-take-own-risk-cb-officials-87168/>
- Statista. (2024). *Cryptocurrencies - Sri Lanka | Statista market forecast*. <https://www.statista.com/outlook/fmo/digital-assets/cryptocurrencies/sri-lanka>
- Ter Ji-Xi, J., Salamzadeh, Y., & Teoh, A. P. (2021). Behavioral intention to use cryptocurrency in Malaysia: an empirical study. *The Bottom Line*, 34(2), 170-197.
- Urquhart, A. (2016). The inefficiency of Bitcoin. *Economics Letters*, 148, 80-82.
- Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). User acceptance of information technology: Toward a unified view. *MIS Quarterly: Management Information Systems*, 27(3), 425–478. <https://doi.org/10.2307/30036540>
- Wijerathna, J. M. K. G. T. G. (2024). Determinants of cryptocurrency investment intention of undergraduates in Sri Lanka. *Management Issues*, 8(1), 56–63.
- Wu, J., Liu, J., Zhao, Y., & Zheng, Z. (2021). Analysis of cryptocurrency transactions from a network perspective: An overview. *Journal of Network and Computer Applications*, 190, 103139.
- Yeong, W. M., Teo, T. K., & Nair, M. N. G. (2022). Acceptance factors in making cryptocurrency as an alternative payment method. *Combines: Conference on Management, Business, Innovation, Education and Social Sciences*, 3(1), 113–122.
- Yusof, M. D., Munap, R., & Omar, N. A. (2018). Factors that influence individuals' intentions to invest in cryptocurrencies. *International Journal of Academic Research in Business and Social Sciences*, 8(12), 1–15. <https://doi.org/10.6007/IJARBSS/v8-i12/5019>
- Zhao, H., & Zhang, L. (2021). Financial literacy or investment experience: which is more influential in cryptocurrency investment?. *International Journal of Bank Marketing*, 39(7), 1208-1226.