



## **FINANCIAL TECHNOLOGY (FINTECH) ADOPTION AND MSME PERFORMANCE: A PRISMA-BASED SYSTEMATIC LITERATURE REVIEW**

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### **Abstract**

*Financial Technology (FinTech) has emerged as a transformative force in the global financial ecosystem, significantly influencing the operational and financial performance of Micro, Small, and Medium Enterprises (MSMEs). MSMEs, which are critical contributors to employment generation, economic growth, and innovation, often face challenges related to limited access to formal finance, inefficient financial management, and high transaction costs. In this context, FinTech offers innovative solutions such as digital payments, peer-to-peer lending, mobile banking, and blockchain-based financial services that enhance financial inclusion and business efficiency.*

*This study presents a PRISMA-based Systematic Literature Review (SLR) to analyse the role of FinTech adoption in improving MSME performance. The review synthesises peer-reviewed articles published between 2015 and 2024, sourced from major academic databases including Scopus, Web of Science, ScienceDirect, and Springer. A structured screening and selection process resulted in a final dataset of relevant studies, which were analysed using bibliometric and thematic approaches.*

*The findings reveal that FinTech adoption positively impacts MSME performance by improving access to credit, enhancing operational efficiency, reducing transaction costs, and supporting innovation and market expansion. However, the extent of these benefits is influenced by moderating factors, including digital literacy, regulatory environment, technological infrastructure, and institutional support. The review also highlights existing research gaps,*



*particularly the lack of integrated frameworks linking FinTech adoption to long-term performance outcomes.*

*This study contributes to the literature by providing a comprehensive synthesis of FinTech–MSME research. It offers valuable insights for policymakers, financial institutions, and entrepreneurs aiming to promote sustainable digital transformation in MSMEs.*

**Keywords:** Women entrepreneurship, E-commerce, PRISMA, Digital Literacy, Technological Adoption, Entrepreneurial Growth, Developing Economies, Digital Inclusion.

### **Introduction:**

Micro, Small, and Medium Enterprises (MSMEs) are widely recognised as key drivers of economic growth, employment generation, and innovation across both developed and developing economies. In countries like India, MSMEs contribute significantly to GDP and play a vital role in promoting inclusive and balanced regional development (World Bank, 2020). Despite their economic importance, MSMEs continue to face several structural challenges, particularly in accessing formal financial services. Traditional banking systems often involve complex procedures, strict collateral requirements, and lengthy approval processes, which restrict MSMEs' ability to obtain timely and adequate financing (Berger & Udell, 2006).

In this context, Financial Technology (FinTech) has emerged as a transformative solution that is reshaping the financial landscape. FinTech refers to the integration of technology into financial services to improve efficiency, accessibility, and customer experience (Treu et al., 2021). Technologies such as mobile banking, digital payment systems, peer-to-peer (P2P) lending, crowdfunding platforms, and blockchain have enabled new ways for businesses to access and manage financial resources. For MSMEs, these innovations provide alternative financing channels, faster transaction mechanisms, and improved financial transparency (Demirgüç-Kunt et al., 2022).

One of the most significant contributions of FinTech is its role in enhancing financial inclusion. A large proportion of MSMEs, especially those operating in informal sectors, remain underserved by traditional financial institutions. FinTech platforms reduce entry barriers by offering simplified digital processes, minimal documentation, and user-friendly interfaces, thereby enabling broader access to financial services (World Bank, 2022). This increased accessibility not only facilitates



credit availability but also supports better financial discipline and transparency among small businesses.

Beyond financial inclusion, FinTech adoption contributes to improving operational efficiency within MSMEs. Digital payment systems reduce reliance on cash transactions, lower transaction costs, and enhance record-keeping capabilities (Ahmed & Sur, 2022). Similarly, digital lending platforms use data analytics and automated credit scoring to expedite loan approvals, enabling businesses to respond quickly to financial needs (Kilay et al., 2022). These advancements support better cash flow management and more informed financial decision-making, ultimately improving business performance.

However, the adoption of FinTech is not uniform across MSMEs. Several barriers limit its widespread implementation. Digital literacy remains a critical challenge, as many small business owners lack the technical skills required to effectively use digital financial tools (Nanda & Kumar, 2023). Additionally, infrastructural constraints such as unreliable internet connectivity and limited access to digital devices hinder adoption, particularly in rural and semi-urban areas. Concerns related to data security, privacy risks, and regulatory uncertainty further discourage MSMEs from fully embracing FinTech solutions (Yadav et al., 2023).

Given these opportunities and challenges, there is a growing need to systematically examine the relationship between FinTech adoption and MSME performance. While existing studies have explored individual aspects of this relationship, there is limited comprehensive synthesis that integrates these findings into a cohesive framework. This study addresses this gap by conducting a systematic literature review to analyse how FinTech influences MSME performance outcomes.

By providing a structured understanding of existing research, this study contributes to both academic literature and practical policy discussions. It offers valuable insights for policymakers, financial institutions, and MSME stakeholders aiming to promote sustainable digital transformation and inclusive economic growth.

## **2. LITERATURE REVIEW**

The growing intersection between Financial Technology (FinTech) and Micro, Small, and Medium Enterprises (MSMEs) has attracted considerable scholarly attention in recent years. Existing



literature broadly examines FinTech adoption, its impact on MSME performance, and the barriers influencing its effective utilisation. This section synthesises prior research into key thematic areas to provide a structured understanding of the domain.

## **2.1 FinTech Adoption in MSMEs**

FinTech adoption among MSMEs has accelerated due to the increasing availability of digital infrastructure and the need for efficient financial solutions. Studies indicate that MSMEs adopt FinTech primarily to overcome limitations associated with traditional banking systems, including high transaction costs and limited credit access (Arner et al., 2017). Digital lending platforms, for instance, utilise alternative data sources and algorithmic credit scoring, enabling MSMEs to access finance without conventional collateral requirements (Frost, 2020).

Furthermore, mobile-based financial services have significantly contributed to the expansion of financial access among small enterprises. Research highlights that mobile money and app-based banking systems facilitate real-time transactions and improve liquidity management (Suri & Jack, 2016). In emerging economies, FinTech adoption is often driven by necessity rather than strategic choice, particularly among informal and semi-formal enterprises (Beck et al., 2018).

## **2.2 FinTech and Financial Inclusion**

A substantial body of literature emphasises the role of FinTech in promoting financial inclusion among underserved MSMEs. Digital financial services reduce geographical and institutional barriers, enabling businesses in remote areas to access banking and credit facilities (Ozili, 2018). FinTech platforms also enhance transparency and reduce information asymmetry between lenders and borrowers, thereby improving credit allocation efficiency (Philippon, 2016).

Additionally, studies suggest that FinTech contributes to inclusive growth by integrating MSMEs into formal financial systems. Access to digital payment systems and online financial services allows enterprises to build transaction histories, which can be leveraged for future credit access (Chen et al., 2019). This integration not only enhances financial stability but also supports long-term business sustainability.



### **2.3 FinTech and MSME Performance Outcomes**

The relationship between FinTech adoption and MSME performance has been widely explored in recent literature. Evidence suggests that FinTech positively influences multiple dimensions of performance, including financial growth, operational efficiency, and innovation capability (Lee & Shin, 2018). Digital financial tools enable faster transactions, reduce operational costs, and enhance decision-making through real-time data analytics.

Moreover, FinTech facilitates market expansion by enabling MSMEs to engage in digital commerce and cross-border transactions (Gomber et al., 2018). Studies also highlight that access to alternative financing options, such as crowdfunding and peer-to-peer lending, enhances business resilience and reduces dependency on traditional financial institutions (Claessens et al., 2018).

### **2.4 Barriers to FinTech Adoption**

Despite its potential benefits, several challenges hinder the adoption of FinTech among MSMEs. One of the most significant barriers is the lack of digital and financial literacy among business owners, which limits their ability to effectively utilise digital platforms (Lyons & Kass-Hanna, 2021). Security concerns and the risk of cyber fraud also discourage adoption, particularly among smaller enterprises with limited risk management capabilities (Zavolokina et al., 2016).

Infrastructure-related constraints, such as poor internet connectivity and limited access to digital devices, further restrict FinTech usage in rural and underdeveloped regions (Banna et al., 2021). Additionally, regulatory uncertainty and lack of standardisation in FinTech services create challenges for both service providers and users (Vučinić, 2020).

### **2.5 Theoretical Perspectives in FinTech Adoption**

The adoption of FinTech by MSMEs is often explained using established theoretical frameworks such as the Technology Acceptance Model (TAM) and the Unified Theory of Acceptance and Use of Technology (UTAUT). These models suggest that perceived usefulness, ease of use, and behavioural intention significantly influence technology adoption decisions (Venkatesh et al., 2003).



Recent studies also incorporate institutional and ecosystem perspectives, emphasising the role of regulatory support, technological infrastructure, and market dynamics in shaping FinTech adoption (Cumming et al., 2019). These frameworks provide a comprehensive understanding of the factors influencing MSMEs’ engagement with digital financial technologies.

**Table 1: Summary of Key Literature on FinTech and MSME Performance**

Author(s)	Focus Area	Key Findings	Limitations
Arner et al. (2017)	FinTech evolution	Explains FinTech growth and applications	Conceptual study
Frost (2020)	Digital lending	Enhances credit access using alternative data	Limited MSME focus
Suri & Jack (2016)	Mobile money	Improves liquidity and transactions	Country-specific
Beck et al. (2018)	MSME finance	Highlights financing gaps	Generalised findings
Ozili (2018)	Financial inclusion	FinTech reduces barriers	Limited empirical data
Philippon (2016)	Financial efficiency	Reduces cost and asymmetry	Developed economy focus
Chen et al. (2019)	Digital finance	Improves credit access	Region-specific
Lee & Shin (2018)	FinTech ecosystem	Enhances innovation and performance	Conceptual
Gomber et al. (2018)	Digital finance	Supports global market expansion	Broad scope
Claessens et al. (2018)	Financial innovation	Improves financial access	Limited MSME focus
Lyons & Kass-Hanna (2021)	Financial literacy	Literacy affects adoption	Survey-based
Zavolokina et al. (2016)	FinTech risks	Identifies security concerns	Early-stage research
Banna et al. (2021)	Infrastructure	Highlights digital barriers	Regional bias
Vučinić (2020)	Regulation	Regulatory uncertainty affects adoption	Conceptual
Venkatesh et al. (2003)	Technology adoption	Explains behavioural factors	General model
Cumming et al. (2019)	FinTech ecosystem	Emphasises institutional role	Limited MSME evidence



## **2.6 Synthesis and Research Gap**

The reviewed literature clearly indicates that FinTech has the potential to transform MSME operations by enhancing financial access, improving efficiency, and supporting innovation. However, the findings also reveal several gaps. First, most studies focus on individual aspects of FinTech, such as digital payments or lending, rather than providing an integrated perspective. Second, there is limited empirical evidence linking FinTech adoption directly to long-term MSME performance outcomes. Third, contextual factors such as socio-economic conditions, regulatory frameworks, and cultural influences remain underexplored.

These gaps highlight the need for a comprehensive and systematic review that integrates diverse findings and develops a structured framework explaining the relationship between FinTech adoption and MSME performance.

## **3. RESEARCH QUESTIONS AND OBJECTIVES**

In light of these observations, the present study seeks to address these gaps by formulating specific research questions and objectives that guide the systematic review process.

### **3.1 Research Questions**

The research questions are designed to explore the multifaceted relationship between FinTech adoption and MSME performance, while also identifying underlying challenges and future research directions.

**RQ1:** How has FinTech adoption evolved in the MSME sector over the past decade?

**RQ2:** What are the key dimensions through which FinTech influences MSME performance?

**RQ3:** What factors facilitate or hinder the adoption of FinTech among MSMEs?

**RQ4:** How do contextual elements such as regulatory environment, infrastructure, and digital readiness affect FinTech utilisation?

**RQ5:** What gaps exist in the current literature on FinTech and MSME performance?

These research questions aim to provide a structured pathway for analysing existing studies and synthesising their findings in a meaningful manner.



### **3.2 Research Objectives**

Aligned with the above research questions, the study sets out the following objectives:

- To systematically review and synthesise existing literature on FinTech adoption in MSMEs
- To examine the impact of FinTech on various dimensions of MSME performance, including financial, operational, and strategic outcomes
- To identify the key drivers and barriers influencing FinTech adoption among MSMEs
- To analyse the role of institutional and technological factors in shaping FinTech utilisation
- To highlight existing research gaps and propose directions for future research

These objectives ensure that the study maintains a focused and coherent approach while addressing both theoretical and practical aspects of the research problem.

### **3.3 Scope of the Study**

The scope of this study is confined to analysing peer-reviewed literature related to FinTech adoption and MSME performance. The review focuses on studies published in reputable academic journals, conference proceedings, and institutional reports within a defined time frame. The emphasis is on understanding how digital financial technologies influence business outcomes, rather than examining FinTech from a purely technological perspective.

The study adopts a global perspective, incorporating research from both developed and developing economies. This approach allows for a broader understanding of how different institutional environments and levels of digital maturity influence FinTech adoption. However, greater attention is given to emerging economies where MSMEs play a more critical role in economic development and where FinTech has the potential to address long-standing financial constraints.

### **4.1 Research Design**

A systematic review method was selected to consolidate fragmented research findings and provide a structured understanding of the topic. The PRISMA framework enables a stepwise filtering of studies through identification, screening, eligibility, and inclusion stages, thereby minimising selection bias and enhancing methodological robustness (Moher et al., 2009; Page et al., 2021).



**4.2 Data Sources and Search Strategy**

The literature search was conducted across multiple reputed academic databases to ensure comprehensive coverage. These included:

- Scopus
- Web of Science
- ScienceDirect
- SpringerLink
- Google Scholar

A structured keyword-based search strategy was developed to capture relevant studies. Keywords were grouped into two categories:

- **Core Keywords:** “FinTech”, “Financial Technology”, “Digital Finance.”
- **Contextual Keywords:** “MSMEs”, “Small Businesses”, “SMEs”, “Enterprise Performance”, “Financial Inclusion.”

Boolean operators (AND, OR) were used to refine the search results and improve relevance (Kitchenham & Charters, 2007).

Database	Search String Example
Scopus	(“FinTech” OR “Digital Finance”) AND (“MSMEs” OR “SMEs”) AND (“Performance” OR “Financial Inclusion”)
Web of Science	(“Financial Technology”) AND (“Small Business”) AND (“Business Performance”)
ScienceDirect	(“FinTech adoption”) AND (“MSME performance”)
SpringerLink	(“Digital finance”) AND (“SMEs”) AND (“Efficiency”)
Google Scholar	“FinTech MSME performance financial inclusion”



### 4.3 Inclusion and Exclusion Criteria

To ensure the quality and relevance of selected studies, predefined inclusion and exclusion criteria were applied.

#### Inclusion Criteria

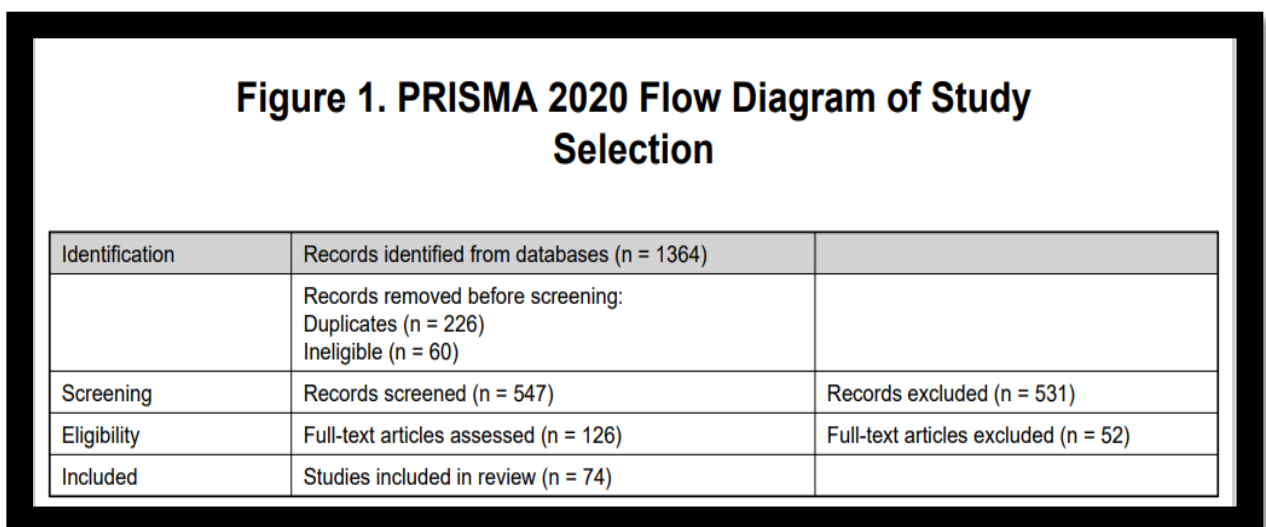
- Peer-reviewed journal articles and conference papers
- Studies published between **2015 and 2024**
- Research focusing on FinTech adoption, MSMEs, and performance outcomes
- Publications in the English language
- Studies with empirical or conceptual contributions

#### Exclusion Criteria

- Non-academic sources (blogs, editorials, opinion pieces)
- Studies not directly related to MSMEs or FinTech
- Duplicate records across databases
- Articles without full-text access
- Studies lacking methodological clarity

This filtering process ensures that only high-quality and relevant studies are included in the final dataset (Tranfield et al., 2003).

### 4.4 Study Selection Process (PRISMA Flow)



**Fig. 1.** PRISMA Flow Diagram represents the process of Article Selection



The study selection process followed the PRISMA guidelines. Initially, a large number of records were identified from the selected databases. After removing duplicates, the remaining articles were screened based on titles and abstracts. Studies that met the relevance criteria were then subjected to full-text assessment.

The final selection included studies that satisfied all inclusion criteria and provided meaningful insights into FinTech adoption and MSME performance. The PRISMA flow diagram (Figure 1) illustrates the stepwise process of identification, screening, eligibility, and inclusion (Liberati et al., 2009).

### **.5 Data Extraction and Analysis**

Relevant data from the selected studies were systematically extracted and organised into key categories, including:

- Author(s) and publication year
- Study focus and methodology
- Key findings
- Identified drivers and barriers of FinTech adoption
- Impact on MSME performance

A **thematic analysis** approach was employed to synthesise the findings. This involved identifying recurring patterns, grouping similar themes, and developing a structured interpretation of the literature (Braun & Clarke, 2006).

### **4.6 Quality Assessment and Reliability**

To ensure the reliability of the review, only studies published in reputable journals and indexed databases were considered. Cross-validation of findings across multiple studies was performed to enhance consistency and reduce bias. The systematic nature of the PRISMA framework further strengthens the validity and transparency of the research process.



## **5. RESULTS AND ANALYSIS**

### **5.1 Document by Year**

The temporal analysis of publications reveals a steady increase in research output on FinTech and MSMEs over the past decade. Between 2015 and 2018, the number of studies remained relatively limited, indicating that the field was still in its early stages of development. However, a noticeable upward trend began after 2019, coinciding with rapid digital transformation across financial systems.

A significant surge in publications is observed during the period 2020–2022, largely driven by the COVID-19 pandemic, which accelerated the adoption of digital financial services. The necessity for contactless transactions and remote financial access encouraged both practitioners and researchers to explore FinTech solutions more extensively.

From 2023 onwards, the research trend continues to grow, reflecting sustained academic interest and the increasing relevance of FinTech in MSME development. This trend highlights the evolving nature of the field and its growing importance in contemporary financial research.

### **5.2 Documents per Year by Source**

The analysis of publication sources indicates that research on FinTech and MSMEs is concentrated within a group of specialised journals focusing on finance, technology, and entrepreneurship. Journals related to financial innovation, digital transformation, and small business management have emerged as leading contributors.

A few high-impact journals account for a significant share of publications, suggesting the presence of established platforms for disseminating research in this domain. At the same time, interdisciplinary journals are increasingly contributing to the field, reflecting the cross-functional nature of FinTech research.

This distribution demonstrates that while the field is still consolidating, it is gaining recognition across multiple academic disciplines, thereby expanding its research scope and impact.



### **5.3 Document by Affiliation**

The institutional analysis reveals that research output is widely distributed across universities, research institutions, and policy organisations. Leading contributions come from institutions with strong academic programs in finance, economics, and information systems.

Notably, universities from emerging economies have shown increasing participation, reflecting the practical relevance of FinTech in addressing financial inclusion challenges. At the same time, institutions from developed countries continue to contribute significantly, particularly in areas related to technological innovation and regulatory frameworks.

The diversity of institutional contributors indicates that FinTech–MSME research is a globally collaborative field, integrating perspectives from multiple regions and disciplines.

### **5.4 Document by Country**

The geographical distribution of publications highlights the global relevance of FinTech in MSME development. A higher concentration of research is observed in countries with advanced digital infrastructure and active financial markets.

Emerging economies such as India and China show strong research output due to the critical role of MSMEs and the rapid adoption of digital financial services. Developed economies, including the United States and European countries, contribute significantly through research on innovation, regulation, and advanced financial technologies.

This global distribution underscores the universal importance of FinTech while also highlighting regional differences in adoption patterns and research focus.

### **5.5 Thematic Analysis of Research**

The thematic analysis of the selected studies highlights three major dimensions of FinTech adoption and its implications for MSME performance. These are summarised below in a structured manner:



## **1. FinTech Adoption Mechanisms**

- FinTech adoption in MSMEs primarily includes:
  - Digital payment systems
  - Mobile banking
  - Peer-to-peer (P2P) lending platforms
  - Blockchain-based financial services
- These technologies help MSMEs:
  - Reduce dependence on traditional banking systems
  - Improve transaction speed and efficiency
  - Access flexible and alternative financing options
- Advanced technologies such as:
  - Artificial Intelligence (AI)
  - Data analytics enhance credit assessment and risk evaluation
- Overall, FinTech represents a shift from:
  - Traditional financial intermediation
  - to
  - Technology-driven financial ecosystems
- Supported by studies such as:
  - (Gai et al., 2018)
  - (Jagtiani & Lemieux, 2018)

## **2. Performance Outcomes of FinTech Adoption**

- FinTech adoption positively impacts MSME performance through:
  - Improved financial inclusion
  - Enhanced operational efficiency
  - Increased innovation capability
- Key benefits include:
  - Reduction in transaction costs
  - Better cash flow management
  - Faster and more efficient financial operations
- Access to alternative financing enables:



- Business expansion
- Investment in innovation
- Improved market competitiveness
- Data-driven decision-making helps MSMEs:
  - Understand customer behaviour
  - Optimise business strategies
- Leads to:
  - Sustainable growth
  - Greater resilience in uncertain environments
- Supported by:
  - (Kou et al., 2021)
  - (Thakor, 2020)

### **3. Barriers to FinTech Adoption**

- Despite advantages, several challenges restrict adoption:

#### **a. Digital Literacy Issues**

- Many MSME owners lack:
  - Technical knowledge
  - Digital skills
- Limits the effective use of FinTech platforms
- (Morgan et al., 2019)

#### **b. Security and Risk Concerns**

- Fear of:
  - Cybersecurity threats
  - Data privacy breaches
  - Financial fraud
- Reduces trust in digital systems
- (Lee et al., 2021)



### **c. Infrastructure Constraints**

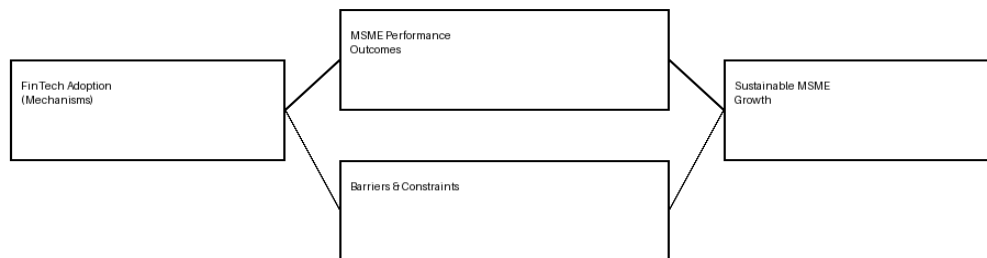
- Poor:
  - Internet connectivity
  - Access to digital devices
- Particularly severe in:
  - Rural and underdeveloped regions
- (Banna et al., 2021)

### **d. Regulatory Challenges**

- Lack of:
  - Standardised regulations
  - Clear policy frameworks
- Creates uncertainty for users and providers
- (Arner et al., 2016)

## **4. Overall Insights from Thematic Analysis**

- FinTech offers:
  - Significant opportunities for MSME growth
  - Improved financial access and efficiency
- However, its effectiveness depends on:
  - Digital readiness
  - Institutional support
  - Regulatory environment
- Key implication:
  - Need for integrated frameworks combining:
    - Adoption drivers
    - Performance outcomes
    - External constraints
- Suggests future research should:
  - Move beyond isolated studies
  - Focus on holistic and multi-dimensional analysis



**Figure 2. Visual Thematic Diagram**

## 6. DISCUSSION

The findings of this study indicate that FinTech has emerged as a critical enabler for improving MSME performance, particularly in terms of financial access and operational efficiency. Digital financial platforms provide alternative financing mechanisms that reduce dependence on traditional banking systems and expand credit availability for underserved enterprises. This shift reflects a broader transformation in financial intermediation, where technology-driven solutions enhance accessibility and reduce transaction frictions (Philippon, 2016; Claessens et al., 2018). As a result, MSMEs are better positioned to manage liquidity constraints and participate more actively in economic activities.

In addition to financial accessibility, FinTech adoption contributes significantly to improving operational efficiency and decision-making within MSMEs. Digital payment systems and automated financial tools enable faster transactions, improved record-keeping, and real-time financial insights. These capabilities enhance cash flow management and support more informed business decisions, ultimately leading to improved productivity and competitiveness (Gomber et al., 2018; Lee & Shin, 2018). Moreover, FinTech facilitates innovation by allowing MSMEs to integrate digital business models and expand into new markets.



However, the study also highlights that the benefits of FinTech adoption are not uniformly distributed. Several barriers, including limited digital literacy, inadequate technological infrastructure, and concerns related to cybersecurity, continue to restrict its widespread adoption. These challenges are particularly pronounced in developing economies, where disparities in digital access and institutional support are more evident. Without addressing these constraints, the potential of FinTech to drive inclusive growth remains partially unrealised (Ozili, 2018).

Furthermore, the role of regulatory frameworks and institutional support emerges as a critical factor in shaping the effectiveness of FinTech adoption. A well-defined and supportive regulatory environment enhances trust, reduces uncertainty, and encourages innovation among both service providers and users. Conversely, regulatory ambiguity can hinder adoption and limit the scalability of FinTech solutions. Therefore, a balanced approach that promotes innovation while ensuring financial stability is essential for maximising the benefits of FinTech in the MSME sector (Arner et al., 2017).

## **7. CONCLUSION AND POLICY IMPLICATIONS**

### **7.1 Conclusion**

This study provides a comprehensive synthesis of the existing literature on FinTech adoption and its influence on MSME performance. The findings suggest that FinTech plays a transformative role by enhancing financial access, improving operational efficiency, and supporting innovation within small businesses. By enabling faster transactions, alternative financing mechanisms, and data-driven decision-making, FinTech contributes to strengthening the overall competitiveness of MSMEs (Thakor, 2020; Kou et al., 2021). These developments indicate that digital financial technologies are becoming integral to modern business operations.

At the same time, the study highlights that the impact of FinTech is not uniform across all contexts. Factors such as digital literacy, infrastructure availability, and institutional support significantly influence the extent to which MSMEs can benefit from these technologies. In the absence of these enabling conditions, the adoption of FinTech remains limited, thereby restricting its potential to drive inclusive economic growth (Morgan et al., 2019). Therefore, a holistic approach is required to fully realise the benefits of digital financial transformation.



## 7.2 Policy Implications

From a policy perspective, the findings underscore the need to strengthen digital infrastructure and promote financial and digital literacy among MSME stakeholders. Governments and regulatory bodies should invest in capacity-building initiatives that enable small business owners to effectively utilise FinTech platforms. Such efforts can enhance adoption rates and ensure that the benefits of digital finance are more widely distributed (Banna et al., 2021).

Furthermore, the development of a clear and supportive regulatory framework is essential to foster trust and innovation in the FinTech ecosystem. Policymakers should focus on creating balanced regulations that encourage technological advancement while ensuring data security and financial stability. In addition, collaboration between financial institutions, technology providers, and policymakers can facilitate the development of inclusive financial solutions tailored to the needs of MSMEs (Arner et al., 2016).

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