

The Influence of Financial Inclusion on Small and Medium Enterprises (SMEs): An Exploratory Analysis

BOUDAMOUZ Yassine *¹, LABANI Omar²

¹ University of Algiers 3, Algeria, yassine.boudamouz@univ-emir.dz

² University of Algiers 3, Algeria, labaniomar29@hitmail.fr

Received :17/02/2024

Accepted :24/03/2024

Published: 30/06/2024

Abstract:

Small and medium enterprises (SMEs) play a prominent role in economic development. Despite this, they face many challenges, especially in developing economies. One of the most important challenges is the difficulty of accessing and using financial services. This research paper aims to analyze and discover the impact of financial inclusion on small and medium enterprises. The study found that increasing the determinants of financial inclusion, represented by increasing access to and use of financial services, had a positive impact on the performance, profitability, and growth of small and medium enterprises. Therefore, policymakers and stakeholders must enhance access to financial services and encourage financial technology innovations to create an economic environment conducive to the growth and development of these enterprises.

Keywords: Small and Medium-sized Enterprises (SMEs), Financial Inclusion, Access to finance.

JEL Classification Codes : (obligatory).

* Corresponding author

1. Introduction :

Small and medium enterprises (SMEs) play a crucial role in driving economic growth and job creation worldwide. According to the World Bank (WorldBank, 2023), these enterprises constitute approximately 90% of all businesses and contribute over 50% to global employment. In developing countries, SMEs are particularly significant as they account for nearly half of the jobs and serve as the primary source of new employment opportunities. However, a persistent challenge faced by SMEs is accessing adequate financing to support their operations and growth. This challenge underscores the importance of financial inclusion in bridging the financing gap and providing essential financial services to SMEs.

Access to financing remains a critical obstacle for SMEs, hindering their ability to invest in expansion, innovation, and job creation. According to the IFC, a significant gap in financing exists for formal MSMEs in developing nations, amounting to \$5.2 trillion per year. This gap affects about 65 million firms, which represent 40% of the total number of formal MSMEs in these countries (WorldBank, 2023). Such limitations in accessing finance impede the growth potential of SMEs, stifling their contributions to economic development.

Research Problem: The study's problem revolves around how financial inclusion affects small and medium-sized enterprises. The purpose of this study is to discover the impact of increased access to and use of financial services on these enterprises.

Methodology: This paper uses a qualitative approach to analyze and explore the impact of financial inclusion on SMEs. The study is based on reviewing the literature related to the study through studying and analyzing a group of international reports and research papers published in a group of developing countries during the past decade. This method allows for a comprehensive examination of the existing literature, enabling a more in-depth understanding of the relationship between financial inclusion and SMEs.

2. The Conceptual Framework for Small and Medium-sized Enterprises (SMEs):

2.1. Concept of SMEs:

The concept of SMEs lacks a consistent and universal definition; it is subject to various interpretations. The heterogeneity of the global context, in terms of economic, cultural, and social factors, influences both the criteria and the categorization of SMEs.

2.1.1. Definition criteria for SMEs: The criteria for defining small and medium enterprises (SMEs) can vary based on different factors. There are two common approaches (Robu, 2013, pp. 84-85):

a. Economy Sphere:

- **Generalized:** This approach involves using the same set of criteria to define SMEs across all sectors or industries. It provides a consistent framework for determining the size of businesses regardless of their field of activity.
- **Differentiate:** Alternatively, different criteria can be applied to delineate SMEs based on specific sectors such as transport, telecommunications, trade, etc. This recognizes

The Influence of Financial Inclusion on Small and Medium Enterprises (SMEs): An Exploratory Analysis

that different industries may have unique characteristics and requirements that warrant separate definitions.

b. Number of Indicators Used:

- **Unidimensional:** Unidimensional: In this approach, a single indicator is used to define the size of SMEs. The most used indicator is the number of employees. Businesses with a certain number of employees or below are classified as small or medium-sized enterprises.
- **Multidimensional:** This approach defines the size of SMEs based on multiple indicators. Along with the number of employees, other indicators such as turnover (revenue) and capital (assets) may also be considered.

As an example of the above, the International Finance Corporation (IFC) conducted an analysis of small and medium enterprises in 132 countries. It found that 12 of them lacked a precise definition, and 26 had multiple definitions. Most countries consider the number of employees, assets/turnover/capital investment, industry, and ownership in defining SME (Tewari, 2013, p. 6).

2.1.2. Definition of SME: The definition of Small and Medium Enterprises (SMEs) varies across distinct economies, guided by unique legal and regulatory frameworks. The International Finance Corporation's (IFC) Country Index for MSMEs conducted a study encompassing 132 countries, revealing that the criterion of the number of employees is the most prevalent in defining SMEs globally. The study further expounds that (Robu, 2013, pp. 84-85):

- Micro: fewer than 10 employees (82 out of 120 economies use the definition of “micro” as 10 or fewer workers).
- Small businesses: 10–49 employees (75 out of 120 economies use the definition of “small business” with a 50-employee threshold).
- Medium: 50–249 employees (46 of the 120 economies that define “medium-sized enterprises” use a limit of 250 employees. Other values, such as 100 or 200, are less common).

In the European Union, small and medium-sized companies are classified based on the number of employees, annual sales volume, and total annual balance sheet. A medium-sized enterprise has fewer than 250 employees, and its annual turnover does not exceed 50 million euros, or the total annual balance sheet does not exceed 43 million euros. A small enterprise has fewer than 50 employees, and its total annual turnover and/or balance sheet do not exceed €10 million. A micro-enterprise has fewer than 10 employees, and its total annual turnover and/or balance sheet do not exceed €2 million. (Commission, 2020, p. 34). Algeria and several other countries have adopted the EU's SME classification with modifications to suit their needs.

2.2. Advantages and Disadvantages of SMEs:

Since 1960, SMEs have been at the forefront of industrialization in Western countries. Due to their close observation of the market, better understanding of customer requirements, and strong

relationships with employees, SMEs are more flexible than larger enterprises in manufacturing, marketing, and service. This elasticity allows SMEs to adjust to changes and overcome challenges with minimal damage. According to (Keskgñ, 2010, p. 185), the advantages and disadvantages of SMEs can be summarized as follows:

2.2.1. Advantages of SMEs: Small and medium enterprises have many advantages. They play an important role in maintaining a balanced income spectrum in many countries, which is important in both social and economic contexts. They also act as sources of new ideas and innovations.

They have the advantage of faster decision-making due to lower administrative and operational expenses, which leads to faster and more cost-effective production processes. They also have a major role in promoting private enterprise, as they contribute significantly to employment and training. These companies are often the first place where many skilled workers receive their technical training.

In addition, Small and medium-sized industrial companies are usually suppliers to large industrial companies. SMEs can positively impact the quality of life by providing opportunities for small investments that utilize labor, raw materials, and financial resources that are still untapped. Moreover, they play a vital role in channeling small savings and personal savings directly into investments.

2.2.2. Disadvantages of SMEs: Small and medium-sized enterprises (SMEs) also face certain drawbacks, which include a deficiency in overall management, particularly the limited involvement of lower-level workers in decision-making processes carried out by owners or partners. Additionally, SMEs often fail to employ specialized consultants in areas such as finance, lacking an expert team for financing and dedicated departments for capital and financial planning. They may also not fully leverage support from banks and other financial institutions and exhibit shortcomings in terms of product development, coordination between production and sales, and the adoption of modern marketing practices. Moreover, SMEs may face challenges related to limited physical space for their business operations and residential areas, as well as the risk of bankruptcy and the loss of independence. The inability to attract specialized staff and the burden of legislation and bureaucracy further contribute to the disadvantages associated with SMEs.

2.3. Importance of SMEs in the Economy:

The World Bank recognizes the importance of small and medium enterprises in the global economy, particularly in developing countries. They make up the majority of companies globally and make significant contributions to job creation and global economic development. These companies account for nearly 90% of businesses and more than 50% of employment around the world. In emerging economies, formal SMEs alone contribute up to 40% of national income, and when informal SMEs are considered, these numbers rise exponentially. In emerging markets, most formal jobs are created by small and medium enterprises, which create 7 out of 10 jobs. (WorldBank, 2023).

According to the European Commission, small and medium enterprises (SMEs) are the backbone of the European economy. They account for 99% of all companies in the EU, employ around 100

The Influence of Financial Inclusion on Small and Medium Enterprises (SMEs): An Exploratory Analysis

million people, generate more than half of Europe's GDP, and play a key role in value creation across all economic sectors. Therefore, they are crucial for the EU's dual transition to a sustainable and digital economy (European Commission, 2023). On the other hand, according to the World Trade Organization, SMEs represent over 90% of the company population, account for 60–70% of employment, and contribute to 55% of GDP in developed nations. Moreover, SMEs own around 20% of patents, which is a crucial measure of their inventive capacity, especially in Europe's biotechnology-related industries. (Bayraktar, 2019, p. 56). The importance of small and medium enterprises can be summarized according to (Bayraktar, 2019, pp. 57-58) as follows:

- **Economic success:** SMEs are critical for economic success and are the main type of enterprise in OECD countries, supplying the primary source of employment and the main sources of value creation.
- **Social inclusion and poverty alleviation:** SMEs can be an important means of social inclusion and a major channel for reducing poverty, providing opportunities for women and marginalized groups to participate in economic activities.
- **Sustainable development goals:** SMEs are important for achieving the UN Sustainable Development Goals, such as promoting inclusive and sustainable economic growth and employment.
- **Employment opportunities:** SMEs contribute to creating job opportunities in all geographical regions and sectors, as they employ different segments of the workforce, especially low-skilled employees, and enabling opportunities for skills growth and assistance in accessing healthcare and social services for their employees.
- **Public goods and services:** SMEs can serve as a source for meeting community needs and providing public goods and services, such as organizations that develop innovative solutions to combat poverty and unemployment.

2.4. SMEs and the Challenge of Access to Finance:

SMEs face many challenges, especially in developing countries. These challenges vary by country and region. According to World Bank researcher Asli Demirguc-Kunt, "SMEs face greater constraints to growth than larger firms, whether these are access to finance, regulation, or corruption". (world bank, 2023).

However, access to finance is a major challenge for the growth of small and medium-sized enterprises (SMEs) in emerging markets. The financing landscape for SMEs differs significantly from that of large companies. SMEs often face challenges in obtaining bank loans and frequently resort to internal financing or support from friends and family for startup and initial operations. The International Finance Corporation estimates that 40% of formal SMEs in developing countries, representing 65 million companies, face a financing gap of approximately \$5.2 trillion annually. This figure is equivalent to 1.4 times the amount of current global lending allocated to

MSMEs, indicating a significant funding shortfall. The financing gap becomes more apparent when looking at small informal institutions. It is noteworthy that about half of formal SMEs are deprived of access to formal credit. The East Asia and Pacific region represent the largest share of the total global financial gap 46%, followed by the Caribbean and Latin America at 23%, then Central Asia and Europe at 15%. There is also a large difference in the size of the gap from one region to another. The financial gap varies widely between regions, with Latin America and the Caribbean, as well as the Middle East and North Africa, showing the highest ratios of financial gap to potential demand, at 87% and 88%, respectively. (world bank, 2023).

3. Financial Inclusion and its Benefits for SMEs:

3.1. The concept of financial inclusion:

According to the World Bank (Financial Inclusion, 2023), "Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit, and insurance – delivered in a responsible and sustainable way". On the other hand, financial inclusion, as defined by the International Monetary Fund, refers to the access to and utilization of financial services, including banking, credit, insurance, and savings, by individuals and businesses, particularly those who are underserved or excluded from the formal financial system (Blancher, 2019, p. 3).

Access to financial services is essential for both businesses and families. People's lives can generally improve by using financial inclusion to help them manage risks, invest in health and education, use credit and insurance, and overcome financial shocks. The COVID-19 pandemic has drawn attention to the need to expand digital financial inclusion, which entails the use of financially beneficial digital tools to provide financially disadvantaged and excluded groups with a range of long-term and accessible formal financial services. While great strides have been made toward financial inclusion, close to one-third of adults worldwide were still unbanked in 2017. More than 80 countries have launched digital financial services, including mobile banking. However, the next important stage for countries where the majority of the population has bank accounts is to move from "access" to "use" of accounts. Reforms, private sector innovation, and low-cost accounts have been key to increasing financial inclusion (Financial Inclusion, 2023).

3.2. Financial Inclusion Indicators:

Financial inclusion is a vital aspect of economic development, particularly for SMEs seeking access to appropriate sources of financing throughout their lifecycle. The International Monetary Fund divides the financial inclusion indicators for SMEs into access indicators and usage indicators:

3.2.1. Access Indicators: Access to financial services plays a fundamental role in promoting SME growth and economic prosperity. Two key indicators can be utilized to gauge access (Blancher, 2019):

- Percent of firms with a bank loan/line of credit: This indicator highlights the extent to which SMEs can secure bank loans or lines of credit, enabling them to address their financial needs effectively.

The Influence of Financial Inclusion on Small and Medium Enterprises (SMEs): An Exploratory Analysis

- Percent of firms with a checking or savings account: This indicator reflects the proportion of SMEs that possess checking or savings accounts, providing them with the foundation for various financial transactions.

3.2.2. Use Indicators: The utilization of financial services is a critical factor in assessing SMEs' engagement with the formal financial system. Several usage indicators are essential in evaluating the extent to which SMEs leverage financial services (Blancher, 2019, p. 4):

- Percent of firms using banks to finance working capital: This indicator gauges the proportion of SMEs that rely on banks to meet their working capital requirements, indicating the accessibility and suitability of financing options.
- Percent of firms using banks to finance investments: This indicator measures the percentage of SMEs utilizing bank financing for investment purposes, indicating the availability of long-term funding for business expansion and development.
- Proportion of investments financed by banks: This indicator assesses the contribution of bank financing to the overall investment capital, providing insights into the role of banks in facilitating SME growth and innovation.
- Proportion of working capital financed by banks: This indicator reveals the extent to which SMEs rely on bank financing to sustain their day-to-day operations, indicating the adequacy of financial resources available for operational stability.

3.2.3. The Importance of Digital Transformation: Digital transformation plays a pivotal role in improving SMEs' access to finance and is of paramount importance in achieving financial inclusion. The digital revolution offers unprecedented solutions to address challenges such as asymmetric information and collateral shortages that SMEs often face when seeking financing (OECD, 2018, p. 4). By leveraging digital technologies, SMEs can tap into alternative financing sources and expand their access to a broader range of financial instruments, thereby increasing their resilience to changing credit market conditions.

Furthermore, the potential benefits of digital transformation necessitate the establishment of regulatory frameworks (OECD, 2018, p. 4). These frameworks should accommodate novel developments while ensuring financial stability, consumer protection, and investor confidence. Effective regulation will not only foster innovation but also safeguard the integrity of financial systems, promoting trust and sustainability in the digital financial landscape.

3.3. Benefits from Increasing SME Financial Inclusion:

According to the International Monetary Fund and in general, increasing financial inclusion for SMEs can have positive effects on economic growth, job creation, the effectiveness of macroeconomic policies, and financial stability (Blancher, 2019, pp. 5-10):

3.3.1. Economic Growth: Closing the financial inclusion gap for SMEs could increase annual economic growth in emerging markets and developing economies by up to one percent. Various analyses using cross-country and country-specific data suggest that closing this gap could boost

growth by an average of 0.3 percentage points annually, with potential gains of about one percentage point in GDP growth when considering employment and labor productivity growth.

3.3.2. Job Creation: SMEs play a significant role in employment generation, particularly in developing economies. Increasing financial inclusion in the Middle East and Central Asia region is likely to create about 16 million jobs by 2025. Access to formal financing is shown to lead to higher annual employment growth and labor productivity growth for SMEs compared to large firms.

3.3.3. Macroeconomic Policy Effectiveness: Financial inclusion of SMEs increases the effectiveness of fiscal policy, such as improving tax collection. It also contributes to strengthening monetary policy and price stability. Higher levels of SME financial inclusion contribute to improved monetary transmission, allowing authorities to better maintain price stability.

3.3.4. Financial Stability: Increasing financial inclusion can support financial stability through diversification of credit portfolios; however, it also poses risks if not managed properly. Rapid growth in SME credit may lead to unsound credit exposure. Sound financial supervisory frameworks and risk management standards are necessary to strike a balance between extending credit to SMEs and maintaining financial stability.

4. Analyzing the Impacts of Financial Inclusion on SMEs:

The topic of the impact of financial inclusion on small and medium enterprises has received great attention over the past decade, especially in developing countries. By analyzing a group of relevant studies in some developing countries in Africa and Asia, such as Nigeria, Uganda, Ethiopia, Kenya, Tanzania, Afghanistan, and Indonesia, we will attempt to discover and analyze the determinants of financial inclusion and how it affects small and medium enterprises, especially in terms of performance, profitability, and growth. We will divide this analysis into two parts: the first section will discuss the determinants of financial inclusion, while the second section will discuss how financial inclusion affects SMEs in those countries.

4.1. Impact of Financial Inclusion on SMEs:

4.1.1. Access to and Use of Financial Services: Access to and utilization of financial services play a pivotal role in determining the level of financial inclusion among small and medium-sized enterprises. In the context of Nairobi City County, the availability, quality, and utilization of financial services have been identified as key factors influencing the degree of financial inclusion (Otiato, 2016). Similarly, in Ethiopia, various factors pertaining to both the supply and demand sides of the financial market, as well as market opportunities and collateral requirements, have been observed to positively impact firms' accessibility to finance (Oshora, 2021). Likewise, in Afghanistan, supply-side factors, demand-side factors, market opportunities, institutional framework factors, borrowing costs, and collateral requirements have been found to exert a positive influence on firms' access to finance (Hasham, 2022).

The significance of access to financial services as a determinant of financial inclusion is well-documented. Notably, (Thathsarani, 2022) underscores that the performance of SMEs is substantially affected by their ability to access financial services. Similarly, Paper (Eton, 2011) highlights the importance of financial inclusion in supporting SME growth in Uganda, while

The Influence of Financial Inclusion on Small and Medium Enterprises (SMEs): An Exploratory Analysis

acknowledging the challenges associated with the high costs associated with acquiring and servicing financial services. Additionally, Paper (Riwayati, 2017) emphasizes the pivotal role of financial inclusion in the success of SMEs in Indonesia, with internal and external factors being identified as influential factors in achieving financial inclusion.

4.1.2. Digital Financing and Technological Innovations: Digital financing plays a pivotal role in promoting financial inclusion. According to (Thathsarani, 2022), it has been observed that digital financing serves as a positive mediator between financial inclusion and the performance of small and medium enterprises (SMEs). The study proposes that the development and widespread adoption of digital financing services, characterized by affordability, security, and low risk, is imperative (Thathsarani, 2022).

Technological advancements significantly contribute to the enhancement of financial inclusion among SMEs. Notably, in Nairobi City County, several technological innovations such as MPESA, Mshwari, and Agency banking have been identified as critical factors in driving business improvements (Otiato, 2016). Similarly, in Tanzania, SMEs have embraced financial inclusion strategies that encompass the utilization of mobile money, bank loans, and savings groups (Mdasha, 2018).

4.2. Impact of Financial Inclusion on SMEs:

4.2.1. Performance: Financial inclusion has been unequivocally demonstrated to exert a direct and favorable influence on the performance levels of small and medium-sized enterprises (SMEs). Within the context of Nairobi City County, empirical findings derived from regression analysis have confirmed the existence of a significant link between SME performance and financial inclusion (Otiato, 2016). Similarly, in the case of Tanzania, the implementation of financial inclusion strategies has exhibited a positive impact on SME performance, manifesting in enhanced profitability, market expansion, and the adoption of novel skills and technologies (Mdasha, 2018).

The empirical evidence presented in (Thathsarani, 2022) establishes that access to finance plays a pivotal role in bolstering SME performance. Furthermore, the study highlights the crucial role played by the utilization and quality of available financial products and services in determining the profitability and growth prospects of SMEs. In a parallel vein, the paper (Riwayati, 2017) underscores the positive ramifications of financial inclusion on SME success within the Indonesian context.

4.2.2. Profitability: Financial inclusion strategies have been found to positively impact SMEs' profitability and growth. In Tanzania, financial inclusion strategies were found to have a positive impact on SMEs' profitability and growth (Mdasha, 2018). In Nigeria, financial inclusion strategies were found to have a long-run impact on MSMEs, with the capital market and pension funds being the major enhancers of MSME funding (Steve N.O. Ibenta, 2021). In East Kalimantan, both financial literacy and financial inclusion were found to have a significant positive impact on the performance of small businesses (Sanistasya, 2019).

The relationship between financial inclusion and profitability varies across studies. The paper (Nyoni, 2022) finds that having a bank account and access to mobile banking services leads to

profitability for female-owned SMEs in Zimbabwe. However, the paper (Kersten, 2017)'s systematic review and meta-analysis revealed that the summary effect on profitability is insignificant.

4.2.3. Growth: The research conducted in Paper (Mdasha, 2018) reveals that financial inclusion strategies have a positive influence on the profitability and growth of SMEs. Additionally, (Thathsarani, 2022) emphasizes the vital role played by the effective utilization and quality of accessible financial products and services in determining the profitability and growth prospects of SMEs. Furthermore, the findings presented in the Paper (Eton, 2011) establish the significance of financial inclusion in supporting the growth of SMEs in Uganda, albeit demonstrating a weak relationship with the contribution to the growth and operations of SMEs in the broader region.

5. Conclusion:

In conclusion, this research paper examines the impact of financial inclusion on small and medium enterprises (SMEs). The study highlighted the importance of SMEs in economic success, social inclusion, poverty alleviation, employment opportunities, and the provision of public goods and services. Despite their significance, SMEs face numerous challenges, the most important of which is access to finance. Access to finance is identified as a key constraint to SME growth, with limited access to bank loans and reliance on internal funds or cash from friends and family.

The literature review conducted in this study explores the determinants of financial inclusion and its impact on SMEs. The main determinants of financial inclusion include access to and use of financial services, along with other factors such as digital finance, financial literacy, borrowing costs, and collateral requirements. Conversely, the study finds a positive impact of financial inclusion on small and medium-sized companies in terms of performance, profitability, and growth. These findings offer valuable insights for policymakers, financial institutions, and SMEs in developing countries to enhance financial inclusion and support the growth and development of SMEs.

Based on the findings of this research, several recommendations can be made to promote financial inclusion and support the growth and development of SMEs in developing countries:

- *Enhance access and quality of financial services:* Policymakers should focus on improving the accessibility and quality of financial services for SMEs. This includes ensuring a robust financial infrastructure, increasing the availability of affordable credit, and expanding the reach of digital financing solutions.
- *Foster technological innovation:* Governments and financial institutions should encourage and support technological innovations that facilitate financial inclusion for SMEs. This includes promoting the adoption of digital financial services, mobile banking, and other technological platforms that enhance the efficiency and effectiveness of financial transactions.
- *Strengthen financial literacy:* Enhancing financial literacy among SME owners and entrepreneurs is crucial for maximizing the benefits of financial inclusion. Policymakers should prioritize financial education programs that provide SMEs with the knowledge

The Influence of Financial Inclusion on Small and Medium Enterprises (SMEs): An Exploratory Analysis

and skills necessary to make informed financial decisions, manage their finances effectively, and access appropriate financial services.

- *Public-private partnerships*: Collaboration between the public and private sectors is essential for promoting financial inclusion and supporting SME growth. Public-private partnerships can facilitate the provision of targeted financial services and resources to underserved SME segments.

By implementing these recommendations, policymakers and financial institutions can contribute to the promotion of financial inclusion and create an environment conducive to the growth and development of SMEs in developing countries.

6. References:

1. Books and Documents:

Blancher, M. N. (2019). Financial inclusion of small and medium-sized enterprises in the Middle East and Central Asia. International Monetary Fund.

Commission, E. (2020). *User guide to the SME Definition*. Luxembourg: Publication Office of the European Union.

Tewari, P. S. (2013). *Competitive small and medium enterprises: A diagnostic to help design smart SME policy*. Washington, DC: World Bank, Washington, DC.

2. Journal article:

Eton, M. a.-O. (2011). Financial inclusion and the growth of small medium enterprises in Uganda: empirical evidence from selected districts in Lango sub-region. *Journal of Innovation and Entrepreneurship*, 10, 1--23.

Hasham, M. (2022), Determinants of financial inclusion in Small and Medium Enterprises: Empirical evidence from Afghanistan, *Kardan Journal of Economics and Management Sciences*, 5 (4), 64-75. DOI: 10.31841/ KJEMS- 5.4-2022-130

Kersten, R. et al. Small Firms, large Impact? A systematic review of the SME Finance Literature, *World Development* (2017), 330—348. <http://dx.doi.org/10.1016/j.worlddev.2017.04.012>

Mdasha, Z., Irungu, D., & Wachira, M. (2018). *Effect of Financial Inclusion Strategy on Performance of Small and Medium Enterprises: A Case of Selected SMEs in Dar es Salaam, Tanzania*, *Journal of Strategic Management* Vol 2(1) pp. 51-70.

Nyoni, T. A. (2022). The Impact of Financial Inclusion on Female-Owned Small to Medium Enterprises: The Case of Siyaso Market in Harare Urban, Zimbabwe. *International Journal of Applied Management Theory and Research (IJAMTR)*, 4(1), 1--16.

Oshora, B. a.-H.-F. (2021). Determinants of Financial Inclusion in Small and Medium Enterprises: Evidence from Ethiopia. *Journal of Risk and Financial Management*, 14, 286.

Otiato, E. H. (2016). Determinants of financial inclusion and performance of small and medium enterprises in Nairobi city county. *International Journal of Finance and Accounting*, 1(3), 62--78.

Riwayati, H. E. (2017). Financial inclusion of business players in mediating the success of small and medium enterprises in Indonesia. *International Journal of Economics and Financial Issues*, 7(4), 623--627.

Robu, M. (2013). The dynamic and importance of SMEs in economy. *The USV annals of economics and public administration*, 13(1 (17)), 84--89.

Sanistasya, P. A. (2019). The Effect of Financial Literacy and Financial Inclusion on Small Enterprises Performance in East Kalimantan. *Jurnal Economia*, 15(1), 48--59.

Steve N.O. Ibenta, U. E. (2021). Financial Inclusion Strategy and Access to Credit by Micro Small and Medium Scale Enterprise (MSMEs) in Nigeria. *European Journal of Business and Management*, 13(13), 52-63. doi:10.7176/EJBM/13-13-06

Thathsarani, U.S.; Jianguo, W. Do Digital Finance and the Technology Acceptance Model Strengthen Financial Inclusion and SME Performance? *Information* **2022**, *13*, 390. <https://doi.org/10.3390/info13080390>

3. Seminar article:

Bayraktar, M. a. (2019). The importance of SMEs on world economies. *International Conference on Eurasian Economies*, (pp. 11--13).

Keskgñ, H. Ğ. (2010). The importance of SMEs in developing economies. *In 2nd international symposium on sustainable development*, (pp. 183--192). Retrieved june 2010.

OECD, S. M. (2018). Enhancing SME access to diversified financing instruments, Discussion paper. *SME Ministerial Conference*. mexico city: OECD. Retrieved February 22-23, 2018

4. Internet websites:

European Commission. (2023, june 10). Retrieved from Internal Market, Industry, Entrepreneurship and SMEs: https://single-market-economy.ec.europa.eu/smes_en

Financial Inclusion. (2023, june 10). Retrieved from world bank : <https://www.worldbank.org/en/topic/financialinclusion/overview>

world bank. (2023, june 9). Retrieved from world bank web site: <https://www.worldbank.org/en/news/feature/2016/11/30/new-evidence-shows-way-forward-for-sme-growth-and-job-creation>

World Bank. (2023, june 12). *world bank: Small and Medium Enterprises (SMEs) Finance*. Retrieved from world bank web site: <https://www.worldbank.org/en/topic/smefinance>