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Executive Summary

Does the Technology Acceptance Model and Digital Finance Improve SME Performance and Financial Inclusion?

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The interest in how SMEs contribute to development is still at the forefront of policy discussions in most countries. Governments and their incorporated private sectors at all levels have started to promote the growth of SMEs while striving for several benefits. Small-scale businesses, as opposed to large-scale ones, are crucial for creating jobs and furthering global economic development. Increased SME financial inclusion (FI) could offer macro-finance advantages such as macroeconomic policy efficacy, macroeconomic growth, increased employment, and macro-financial stability. The three objectives of the current study are as follows: 1. An effort to determine the extent to which financial inclusion is strengthened by digital funding 2. To research the connection between SME performance and financial inclusion. 3. To investigate how TAM modifies the SME performance relationship and financial inclusion.

Because a clear conceptual framework and plausible and obvious links were used in this study, the positivist paradigm was used. The quantitative methodology frequently applied in the deductive process is primarily tied to the positivist viewpoint. Previous secondary data sources in Sri Lanka did not collect data on SMEs' performance, digital finance, or financial inclusion in a single study. Estimating the measurement model was the initial stage in the structural equation modelling (SEM) process (outer model). Ten constructions made up the Lower Order Construct (LOC), and four key concepts made up the Higher Order Construct (HOC). This study's primary objective was to investigate how digital financing affected the relationship between SME performance and financial inclusion.

First, there was a clear correlation between financial performance and the three pillars of financial inclusion—access, utilization, and quality. The findings further supported earlier research conducted in Sri Lanka and other nations, showing that access to capital improved SME performance. Second, it was clear from this study's findings and findings that FI significantly improved the financial and non-financial performances of SMEs. Due to FI, the role played by current financial service providers is improved, resulting in quicker access to financial services for the unbanked populace. Thirdly, consumers can use devices like computers and mobile phones to extend their business requirements thanks to advanced technology and the expansion of digital financial inclusion.

A new business environment where companies can operate and provide services online and through digital platforms has been formed because of the economy's digitalization. With universal access, financial inclusion offers a wider range of services, such as savings, loans, payments, leasing, insurances, investments, and remittances. Such inclusivity is vital for SMEs because it helps them raise income, build assets, boost domestic demand, and manage risks. The rise of digital financing has transformed conventional models into contemporary ones that fill the funding gap. In conclusion, the findings have drawn attention to three critical aspects of Sri Lankan small- and medium-sized business finance.

Source: [information]

KEYWORDS

digital financing,financial inclusion,SME performance, TAM, Sri Lanka