



## Systematic Literature Review on the Intersection of Financial Literacy, Financial Digitalization, and SMEs : A Comprehensive Analysis

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**Abstract :** *The main objective of this study is to present a comprehensive perspective on the interrelationship and impact of financial literacy, financial digitalization, and Small and Medium Enterprises (SMEs) on the growth and adaptability of SMEs in today's dynamic business landscape. This research uses a systematic literature observation method to collect, analyze and synthesize relevant findings from various published literature sources, especially selections in the Scopus database. The primary focus of this study is to examine the correlation between financial literacy and financial digitalization, and how they impact SMEs' financial management capabilities and utilization of available financial technology. The findings show that financial literacy and financial digitalization are important areas of study that have received increasing attention in recent years. This research highlights the challenges in accessing finance and reducing collateral demands, indicating the struggles that SMEs are currently facing.*

**Keywords:** *Financial Literacy, Financial Digitalization, MSMEs.*

### 1. INTRODUCTION

Financial literacy is an individual's ability to understand and manage financial information well. The importance of a theoretical framework in understanding digital entrepreneurial intentions, which is related to an individual's understanding of the risks, beliefs, motivations, and educational background in starting an online business (Charfeddine et al., 2024). Digital financial inclusion has the potential to overcome business regulatory barriers and mitigate market externalities. Additionally, internet accessibility, educational background, and experience of business owners play an important role in facilitating digital financial inclusion for micro and small businesses (Johri et al., 2024).

Both digital literacy and business innovation exert a substantial impact on competitive advantage and the survival of businesses. Similarly, digital literacy and business innovation significantly contribute to the existence of businesses by means of establishing a competitive advantage (Rahadjeng et al., 2023; Rakib et al., 2024).

Financial literacy, digitalization in the financial sector, and the performance of Small and Medium Enterprises (SMEs) are important areas of study that have received increasing attention in recent years. The intersection of these factors presents a complex landscape that influences the success and sustainability of SMEs. The research highlights challenges in accessing finance and reducing collateral demands, indicating the ongoing struggles faced by SMEs (Hussain et al., 2018). Other research investigating how financial

literacy contributes to sustainability in SMEs, emphasizes the importance of this knowledge in driving long-term success (Ye & Kulathunga, 2019). The importance of financial literacy among SME managers, and shows the need for increased understanding in this area (Eniola & Entebang, 2017).

Considering the impact of digitalization on SMEs is very important. This involves the transition of SMEs towards a digital and environmentally friendly economy. In addition, this research shows that access to financial services acts as a moderating variable in facilitating this transformation (Islam et al., 2023). This research highlights the impact of digital financial literacy on the financial well-being of SMEs, and emphasizes the importance of embracing digital progress (Permadi et al., 2022). From the standpoint of financial performance, this research examines the involvement of digital innovation in SMEs, emphasizing the unique challenges and opportunities posed by digital transformation (Mangifera et al., 2022).

Gaining insight into connection between financial literacy, digitalization and SME performance is critical for policymakers and stakeholders. By synthesizing insights from various studies, on the digital financial transformation of SMEs (Pahlevi et al., 2023) and on the use of digital finance for SME sustainability, a comprehensive analysis can be carried out by (Msomi & Kandolo, 2023). This research aims to provide a holistic view of how these factors intersect and influence the growth and resilience of SMEs in today's dynamic business environment.

Micro-entrepreneurs can leverage digital tools for management accounting purposes to drive innovation, improve decision-making processes and ultimately strengthen their competitive position in the market. This research has particular relevance in today's business environment, where digital transformation and open innovation play a critical role in the success of small businesses. By explaining the relationship between digital technology, management accounting competencies, and competitive performance, the findings of this research can provide valuable guidance for micro-entrepreneurs in Thailand and beyond in effectively navigating the complexities of the contemporary business landscape (Imjai et al., 2023).

Digital transformation is a key factor in shaping a company's competitiveness and innovation capabilities, regardless of whether the company is high-tech or low-tech. Factors driving digital transformation in both types of companies, highlighting the differences and similarities in the factors driving this transformation. This study emphasizes the importance of organizational flexibility theory in understanding how

digital transformation is facilitated in manufacturing companies (Sergei et al., 2023). The importance of digital innovation management in redefining traditional innovation processes in the digital era, shows how digital technology, such as platforms, can change the creation and utilization of new technology, thereby encouraging innovation in organizations (Nambisan et al., 2017).

Digital transformation has an impact on environmentally friendly innovation in companies, especially high-tech companies. These findings indicate that digital transformation significantly increases green innovation, thereby highlighting the positive influence of digital initiatives on sustainability efforts (Feng et al., 2022). The role of intellectual capital as a driver of innovation in both high and low technology companies, and underscores the importance of utilizing knowledge resources in organizations to encourage innovative activities (Buenechea-Elberdin et al., 2018).

This research aims to conduct comprehensive systematic literature observations related to the intersection between financial literacy, financial digitalization, and Small and Medium Enterprises (SMEs). In the increasingly advanced digital era, financial literacy and financial digitalization have become very important topics in the context of SME development and growth. The underlying research question is: how do financial literacy and financial digitalization relate to each other in the context of SMEs, and what are their applications and benefits?

This research will use a systematic literature observation method to collect, analyze and synthesize relevant findings from various published literature sources. The focus of this research is to understand the relationship between financial literacy and financial digitalization and its impact on the ability of SMEs to manage their finances well and utilize available financial technology. Apart from that, this research will also identify challenges, opportunities and critical factors that influence the implementation of financial literacy and financial digitalization among SMEs. The following is the problem formulation in this research:

- a. What is the level of financial literacy among micro, small and medium enterprises (SMEs)?
- b. What are the factors that influence financial literacy among SMEs?
- c. What is the impact of financial digitalization on SMEs?
- d. What are the factors that influence the adoption and use of financial technology among SMEs?

- e. What is the relationship between financial literacy, financial digitalization and business growth among SMEs?
- f. What efforts can be made to increase financial literacy and optimize the benefits of financial digitalization for SMEs?
- g. What opportunities and challenges do SMEs face in developing financial literacy and utilizing financial digitalization?

It is hoped that the results of this research can provide a comprehensive understanding of the intersection between financial literacy, financial digitalization and SMEs. It is hoped that the findings of this research will provide guidance and recommendations for practitioners, policy makers and relevant stakeholders to increase financial literacy and encourage the implementation of financial digitalization among SMEs, so as to increase the competitiveness and growth of the SME sector as a whole.

## **2. REVIEW METHODS**

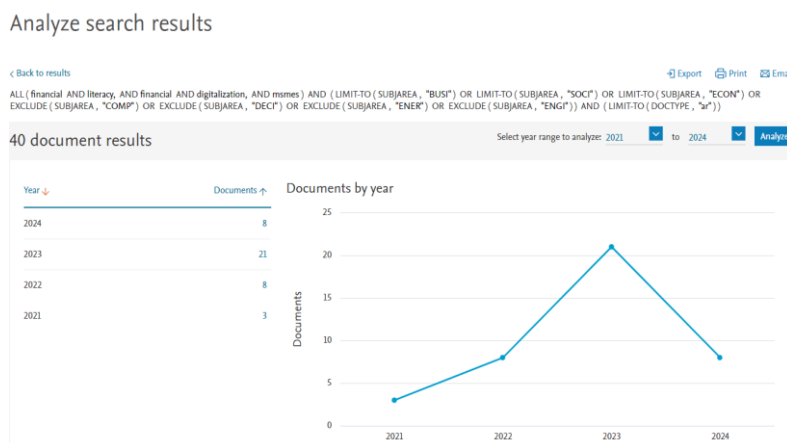
A Systematic Literature Review (SLR) is a rigorous method used to synthesize and evaluate existing research on a specific topic (Spina et al., 2016). Conduct a systematic literature review that focuses on text mining techniques used in the systematic literature review process. Their work highlights the importance of using advanced methods to efficiently extract and analyze information from diverse literature (Xing et al., 2023). By exploring current text mining practices in systematic reviews, contribute to improving the effectiveness and accuracy of the synthesis of research findings. This emphasis on utilizing text mining techniques is in line with the broader goal of improving the quality and depth of systematic literature reviews in a variety of fields, including computer science, where the need for robust evidence synthesis is paramount (Raymon van Dinter a, Bedir Tekinerdogan a, 2021). The findings of this study underscore the development of systematic reviews, emphasizing ongoing methodological adaptation to meet the demands of effectively synthesizing the evolving literature.

This research collects research article data via the SCOPUS page. Using the keywords financial literacy, financial digitalization and MSMEs, we got 104 documents. The selected articles are limited to only those in English including the scope of Business, Management and Accounting, Economics, Econometrics and Finance, Social Sciences and only selected articles. Excluding the scope of Computer Science, Engineering, Decision Sciences, and Energy, we get 40 research articles. By using these criteria, the time span

will automatically only start from 2021-2024. This research does not provide limitations regarding the research approach, analytical tools used.

### 3. FINDINGS

#### Sample characteristics by year



Articles selected based on year characteristics are automatically only in the range 2021 to 2024. This is because research related to financial literacy is widely discussed in developing countries. If we relate it again to the financial digitalization variable, MSMEs in developing countries only implemented financial digitalization after the Covid-19 pandemic.

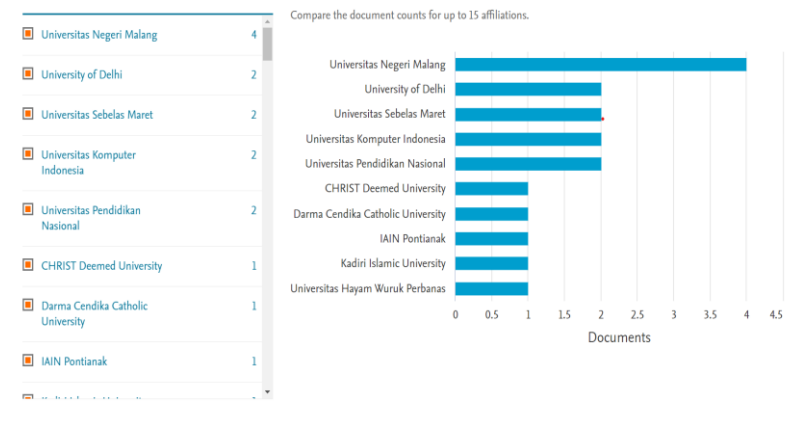
Much research related to financial literacy, digitalization in MSMEs in Indonesia, India, Malaysia and Thailand will be carried out in 2023 because that year is the year when these four countries are intensively carrying out digital transformation. This can be seen from the many programs and policies issued by the governments of these four countries to encourage digital transformation.

Apart from that, 2023 is also the year when the COVID-19 pandemic is still ongoing. The COVID-19 pandemic has accelerated the digital transformation process throughout the world, including in Indonesia, India, Malaysia and Thailand. This is because the COVID-19 pandemic has forced people to do more activities at home, so they need digital services to meet their daily needs.

This has resulted in a lot of research being conducted related to financial literacy and digitalization of MSMEs in these four countries, because these topics are considered relevant to current conditions.

However, it should be noted that research related to financial literacy and digitalization of MSMEs will not only be carried out in 2023. Much research related to this topic was also carried out in previous years, such as in 2021 and 2022. This shows that this topic is indeed of concern to researchers and academics.

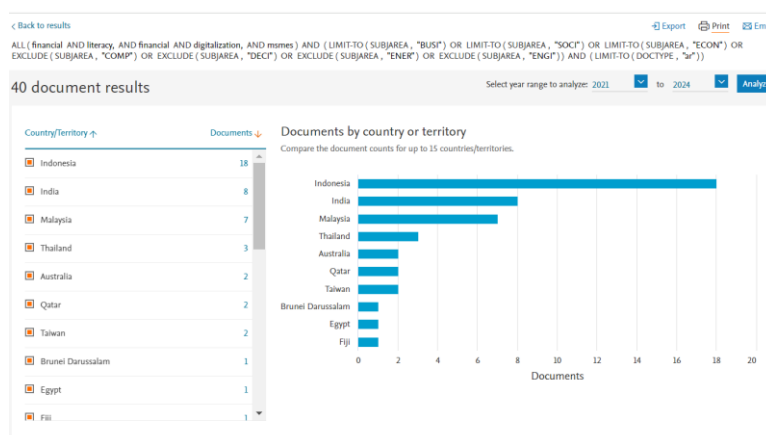
## Affiliation



Based on affiliation, most articles were found from universities in Indonesia and India. Affiliation with Malang State University found 4 articles. Apart from Malang State University, many other universities in Indonesia also research the MSME sector, such as Sebelas Maret University, University of Indonesia, Indonesian Education University, Satya Wacana Christian University, Airlangga University, Brawijaya University, Diponegoro University, and Gadjah Mada University. This can be caused by several factors, one of which is because financial literacy and financial digitalization are issues that are currently hotly discussed in Indonesia. The Indonesian government itself is intensively encouraging financial literacy and financial digitalization, so many universities are interested in researching this topic.

Apart from that, another factor that can cause a lot of research related to financial literacy and financial digitalization in MSMEs in Indonesia is because this topic is an academically interesting topic. Financial literacy and financial digitalization are relatively new fields of science, so many students are interested in researching them.

## Country



Research topic articles based on country of origin, found mostly in developing countries; Indonesia 18 articles, India 8 articles, Malaysia 7 articles, Thailand 3 articles. Based on the characteristics of researchers in Indonesia, India, Malaysia and Thailand, most researchers focus on the fields of business, economics and finance. Research on financial literacy, financial digitalization and MSMEs has been carried out quite a lot in these countries.

Research on financial literacy, financial digitalization and MSMEs is widely researched in developing countries because these three things are important factors in economic development. People who have good financial literacy will be better able to manage their finances well, so that they do not avoid financial problems such as debt and fraudulent investments. This is very important in developing countries, where many people still do not have sufficient financial literacy.

Financial digitalization can provide many benefits for society, such as facilitating financial transactions and increasing financial access for people living in remote areas. In developing countries, financial digitalization can be a solution to overcome financial inclusion problems.

MSMEs are an important sector in the economies of developing countries. MSMEs make a major contribution to GDP and employment. Therefore, research on MSMEs is important to support the growth of MSMEs and increase the competitiveness of MSMEs in the global market.

Indonesia has a large population and most of the population still does not have sufficient financial literacy. Apart from that, Indonesia is also a country that is developing rapidly, so financial digitalization in MSMEs is an important factor in Indonesia's

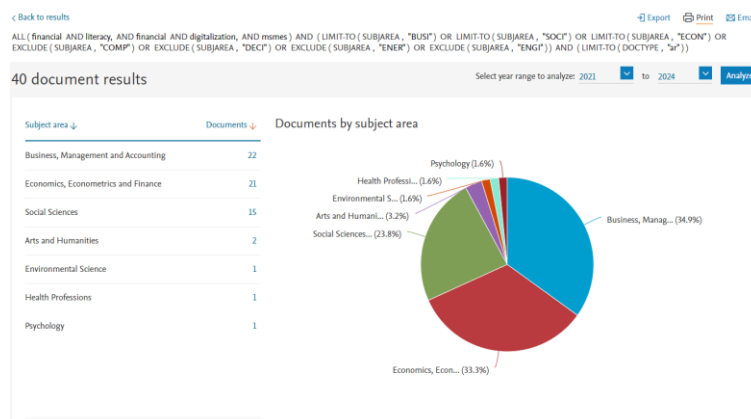
economic development. Therefore, it is not surprising that in Indonesia more people are conducting studies on financial literacy, financial digitalization in MSMEs.

In developed countries, financial literacy, financial digitalization and MSMEs have become commonplace. People in developed countries generally have good financial literacy, and access to finance is also equitable. Therefore, there is not as much research on financial literacy, financial digitalization and MSMEs in developed countries as in developing countries. This is supported by high internet penetration and increasing use of smartphones.

MSMEs are an important sector in the economy. MSMEs contribute to Indonesia's GDP and absorb a large number of Indonesian workers. However, MSMEs in Indonesia still face many obstacles, such as limited access to financing and a lack of management skills. Lack of Research Interest on Financial Literacy, Financial Digitalization, and MSMEs in Developed Countries

In developed countries, the level of financial literacy is generally high. Apart from that, digitalization of finance and MSMEs has developed well. Therefore, research on financial literacy, financial digitalization and MSMEs in developed countries may not be of much interest. However, this does not mean that there is no research on financial literacy, financial digitalization and MSMEs in developed countries. Research on these topics is still being conducted, but may focus more on specific aspects, such as the impact of financial digitalization on financial stability or the role of MSMEs in economic innovation.

## Subject area





The image shows search results for documents related to financial literacy, financial digitalization in MSMEs, and other related subject areas on Scopus. Scopus is the world's largest abstract and citation database for peer review of literature. This database includes more than 22,000 journal titles, 7 million conference articles, and 40 million patents. Scopus is used by researchers, historians and professionals to find the latest information on current research.

The search results show that there are 40 documents relevant to the topic being searched for. The documents come from a variety of subject areas, including business, management, accounting, economics, econometrics, finance, social sciences, arts and humanities, environmental sciences, health, and psychology.

These documents can be accessed online via the links provided in Scopus. In addition, users can also view further information about each document, such as title, author, abstract, and keywords.

Scopus is a very useful tool for finding the latest information on current research. This database can be used by researchers, academics and professionals to stay up-to-date with the latest developments in their respective fields.

#### **4. DISCUSSION AND CONCLUSION**

##### **Discussion**

##### **a. Level of financial literacy among micro, small and medium enterprises (SMEs)?**

According to research conducted in 2024 in Qatar, the degree of financial literacy holds great significance for micro, small, and medium enterprises to gain access to sources of financing or credit. If managers of MSMEs do not have adequate financial literacy, If they do not have the ability to make good financial decisions, this will have a negative impact on their prospects for obtaining financing, leaving them vulnerable and hampered in terms of credit opportunities. Therefore, it is very important for MSMEs to have a strong level of financial literacy as this enables them to make informed financial decisions, thereby increasing their chances of obtaining financing (Charfeddine et al., 2024).

Other research shows that financing capital investment and working capital is a major challenge for MSMEs during and after the pandemic. In this context, financial literacy can assist MSMEs in managing their finances in an organized manner, thereby enabling them to understand the current financial situation and progress of their company (Aassouli & Ahmed, 2023). Financial literacy for MSMEs is an effective

way to encourage inclusive and sustainable growth, but they are faced with many challenges such as lack of financial planning, limited access to funding, capital collateral, unplanned growth, knowledge strategies, incorrect asset management.

A low level of financial literacy can cause financial stress and disrupt financial resilience, while a high level of financial literacy can increase financial resilience in dealing with financial stress (Ravikumar et al., 2023). Furthermore, research also shows that SMEs in India have a low level of financial literacy. There are many factors that influence the level of financial literacy among SMEs, such as education, age, gender, business experience and sources of financial information. In India, factors such as lack of access to formal banking and financial institutions, low general literacy, and lack of understanding of the benefits of finance can lead to low levels of financial literacy.

Most SMEs in Makassar have a low level of financial literacy. Only around 1% of SMEs understand financial concepts well. Over time there has been an increase, around 29% of SMEs stated that they understood financial literacy quite well. However, the majority of SMEs (56%) still do not fully understand sharia financial products and are not able to practice them well (Menne et al., 2023). The low level of financial literacy in SMEs in Makassar is one of the obstacles in developing SMEs in the financial sector, so efforts are needed to increase financial literacy in SMEs. It is necessary to develop a financial literacy program for SMEs and distribute information technology and infrastructure that supports economic digitalization to make it easier for SMEs to learn about sharia finance and practice it in real terms in their businesses.

Financial literacy exerts a positive and notable impact on financial technology, whereas social media demonstrates a significant influence on financial technology (Widyastuti & Hermanto, 2022). In addition to that, financial literacy plays a crucial role in positively and significantly influencing micro capital. Similarly, a social media demonstrates a significant impact on micro capital, while financial technology also exerts a significant influence on micro capital. However, this article does not specifically provide information about the average level of financial literacy among micro, small and medium enterprises (SMEs).

Most micro, small and medium enterprises (SMEs) in Palembang, Indonesia have a low level of financial literacy. The lack of asset ownership rights among women can create a risk factor for the business world, resulting in limited access to loans. (Fauzi et al., 2021). Various studies have revealed a positive and substantial

correlation between financial and digital literacy and the growth of women-led SMEs. Therefore, it is important to provide training and teaching through financial and digital programs among women entrepreneurs. This will help women entrepreneurs increase their potential in developing their businesses and the future of the economy in Indonesia.

Overall, these studies highlight the importance of financial literacy in increasing financial access, informational decision making, business growth and financial resilience among MSMEs. Efforts to increase financial literacy among MSMEs, especially through educational programs and the use of technology, can have a significant positive impact in advancing the MSME sector and the economy as a whole.

b. Factors influencing financial literacy among SMEs?

The factors that influence financial literacy are very diverse, and The factors that influence financial literacy are varied, and perceptions of financial accessibility and the use of information and communication technology (ICT) play an important role in bridging the financial access gap (Charfeddine et al., 2024). Perceptions of financial access include individuals' views regarding the availability and convenience of accessing financial services, such as loans and financing. If someone feels that financial access is difficult or limited, this can hinder their motivation to improve financial literacy. In the meantime, the utilization of information and communication technology (ICT) has emerged as a decisive factor in enhancing financial accessibility. Technological advances have opened the door to digital banking services, electronic payments, and other financial platforms that allow individuals to access and manage their finances more efficiently. By effectively harnessing ICT, discussions on financial access can take place, leading to innovative and inclusive approaches that enhance financial literacy.

Several pertinent factors influence the level of financial literacy in Small and Medium Enterprises (Ravikumar et al., 2023). One factor is the level of education and knowledge possessed by SME business people. The higher their education and knowledge of financial concepts, the more likely they are to have good financial literacy. Apart from that, having a bank account is also an important factor, because it can provide easier access to formal financial services and help improve understanding of financial management. Experience in managing finances also plays an important role in developing financial literacy in SMEs. With more experience in managing

financial aspects, SME business people can develop the skills and confidence needed to make better financial decisions. Therefore, education and knowledge of SME business people, ownership of a bank account, and experience in managing finances are factors that are interconnected and contribute to the level of financial literacy possessed by SMEs.

There are several factors that influence financial literacy, including education level, age, gender, financial experience, and understanding of financial concepts (Menne et al., 2023). Education level has a strong correlation with financial literacy, as higher education tends to provide access to the necessary knowledge and competencies required for professional financial management. Additionally, age can also influence financial literacy, with research showing that older people may have lower levels of financial literacy compared to younger generations. Gender also plays a role, with some research showing women tend to exhibit lower levels of financial literacy in comparison to men. Financial expertise also holds significance in shaping financial literacy, because experience in managing finances directly can improve understanding and related skills. An understanding of financial concepts is also a key factor in financial literacy, having a solid understanding of subjects such as savings, investment, and risk management enables individuals to make informed and prudent financial choices. Hence, in order to enhance overall financial literacy, it is crucial to holistically acknowledge and address these factors.

Several factors impact the degree of financial literacy and one of them is educational literacy and individual financial experience (Widyastuti & Hermanto, 2022). Acquiring knowledge and understanding of financial concepts obtained through formal education, training, or direct experience in managing finances can contribute to a higher level of financial literacy. On the other hand, aspects of individual beliefs and attitudes towards finance also have an important role in financial literacy. A positive attitude towards finances, including confidence in making financial decisions, motivation to learn, and willingness to take reasonable risks, can influence an individual's ability to manage their finances well. Thus, educational literacy and financial experience as well as individual attitudes and beliefs towards finance are significant factors in influencing the level of financial literacy.

The growth of small and medium enterprises (SMEs) is positively and significantly influenced by both financial literacy and financial digitalization. However, low levels of financial and digital literacy are an obstacle for entrepreneurs,

especially for women, in developing businesses. In Indonesia, women's low access to asset ownership is a factor that limits access to loans and financial support (Fauzi et al., 2021).

c. The impact of financial digitalization on SMEs?

Financial literacy plays a crucial role in a company's success. By having a good understanding of financial concepts, managers can make more informed and strategic decisions. Apart from that, financial literacy also helps in optimizing company financial management, maximizing the use of resources, and achieving financial benefits. In addition, strong financial literacy can also open the door to wider access to sources of financing, enabling companies to obtain the capital needed for growth, expansion and innovation. As a result, financial literacy directly improves managerial decision-making abilities, optimizing company finances, and increasing access to sources of financing (Charfeddine et al., 2024).

A noteworthy association exists between financial literacy and the financial performance of companies, particularly among Small and Medium Enterprises (SMEs). SMEs that have a high level of financial literacy tend to show better financial performance. This can be attributed to a sound understanding of financial concepts, such as cash management, budget planning, and debt management. With strong financial literacy, SME owners are better able to manage financial risks, make smart investment decisions, and optimize the use of limited financial resources. Apart from that, good financial literacy also helps SMEs build better relationships with financial institutions, such as banks and investors, thereby increasing their access to sources of financing that can support business growth. Therefore, financial literacy has an important role in improving the financial performance of SME companies and providing a stronger foundation for long-term success (Aassouli & Ahmed, 2023).

Positive financial literacy has a favorable influence on a company's financial performance, encompassing accelerated growth. SMEs that have a high level of financial literacy are able to manage their money well and make wise financial decisions. They have a solid understanding of financial concepts, such as cash management, debt management, and smart investing. With this understanding, SMEs can optimize the use of their financial resources, reduce financial risks and increase profitability. Apart from that, good financial literacy also helps SMEs in facing financial challenges that may arise, such as market or regulatory changes. Thus, good

financial literacy gives SMEs a competitive advantage by generating better financial performance and enabling faster growth (Ravikumar et al., 2023).

Adequate financial literacy plays a significant role in enhancing the capacity of SMEs to make informed financial decisions and enhance their financial performance. Having a robust grasp of financial concepts, including cash management, budget planning, and financial analysis, SMEs can make informed and strategic decisions. They can manage the financial aspects of their business more efficiently, identify growth opportunities and better manage financial risks. In the long term, good financial literacy can encourage SME growth by increasing profitability, expanding access to financing sources, and creating a strong financial foundation. Thus, good financial literacy is a crucial Key determinant in enhancing the financial performance of SMEs and encouraging sustainable growth (Menne et al., 2023).

Good financial literacy helps SMEs manage finances and investments well, so that they can improve financial performance and have a positive impact on business growth (Fauzi et al., 2021; Widyastuti & Hermanto, 2022).

Good financial literacy has better financial performance and tends to grow faster. This is due to the ability of SMEs to manage their money well, and make wise financial decisions (Ravikumar et al., 2023). Good financial literacy can increase the ability of SMEs to make wise financial decisions and improve financial performance, thereby encouraging SME growth (Menne et al., 2023). Other research states that good financial literacy helps SMEs manage finances and investments well, so that they can improve financial performance and have a positive impact on business growth (Fauzi et al., 2021; Widyastuti & Hermanto, 2022).

d. Factors influencing the adoption and use of financial technology among SMEs?

Financial digitalization has great potential to provide easy access to financial services for Small and Medium Enterprises (SMEs). However, success in maximizing the benefits of financial digitalization is very dependent on the company's level of financial literacy. A good level of financial literacy will enable companies to understand and take full advantage of digital applications in managing their finances (Aassouli & Ahmed, 2023). With a solid understanding of financial concepts and related technologies, companies can optimize their financial processes, increase efficiency, reduce costs, and make smarter decisions based on information generated from financial digitalization. Therefore, it is important for companies, especially

SMEs, to involve and increase the financial literacy of their employees so they can take maximum advantage of financial digitalization.

A positive association exists between financial literacy, financial digitalization, and the growth of Small and Medium Enterprises (SMEs) (Charfeddine et al., 2024). The findings of this study indicate that SMEs with a high degree of financial literacy and are able to adopt digital technology in their financial operations tend to experience better business growth. With a solid grasp of financial principles and knowledge and the ability to utilize financial digitalization, SMEs can increase efficiency in managing their finances, optimize operational processes, and make better decisions based on accurate and real-time financial information. Therefore, increasing financial literacy and adopting financial digitalization are important factors in encouraging sustainable business growth for SMEs.

- e. The relationship between financial literacy, financial digitalization and business growth among SMEs?

Financial and digital literacy exert a notable and beneficial impact on the financial performance of SMEs. The research findings also demonstrate that financial digitalization contributes positively to business growth (Fauzi et al., 2021). A positive correlation exists between financial literacy, financial digitalization, and the growth of SME businesses (Charfeddine et al., 2024). Financial literacy can take advantage of the opportunities and capabilities of SMEs in utilizing financial technology for financial management and business development (Widyastuti & Hermanto, 2022).

Financial digitalization can provide easy access to financial services for SMEs, but success in optimizing the benefits of financial digitalization depends on the company's level of financial literacy (Aassouli & Ahmed, 2023). SMEs that have good financial literacy are more likely to use financial technology, such as e-wallets and online banking, and tend to grow faster compared to SMEs that do not implement this financial technology (Ravikumar et al., 2023).

There is a positive association between financial literacy, financial digitalization, and the growth of SME businesses. The involvement of SMEs in digital business can also improve the quality of production results, improve access to finance, and provide wider market opportunities for SMEs (Menne et al., 2023).

- f. What efforts can be made to increase financial literacy and optimize the benefits of financial digitalization for SMEs?

SMEs to increase financial literacy and optimize the benefits of financial digitalization through training, workshops, network development, and productive use of technology (Charfeddine et al., 2024). There are several suggestions for improving financial literacy, such as providing appropriate financial education and facilitating access to relevant financial information. Apart from that, the article also mentions the need to develop adequate technological infrastructure and regulations that support the development of financial technology for SMEs (Aassouli & Ahmed, 2023).

To improve the performance of MSMEs, several efforts are proposed, including: improving financial education and training, providing better financial access, and building awareness of the benefits of financial technology. Efforts to increase financial literacy and optimize the benefits of financial digitalization for SMEs include training and education on financial literacy and financial digitalization, government policies that support the development of e-commerce, and support from financial institutions to bridge financial access for SMEs (Menne et al., 2023; Ravikumar et al., 2023). There are regular financial training and education programs, as well as the development of digital applications that are user-friendly and easily accessible to SMEs (Widyastuti & Hermanto, 2022). Efforts that can be taken to increase financial literacy and optimize the benefits of financial digitalization for SMEs include: early financial education and training, increasing women's access to asset ownership and financial support, and increasing women's access to digital technology and financial digitalization (Fauzi et al., 2021).

- g. Opportunities and challenges faced by SMEs in developing financial literacy and utilizing financial digitalization?

SMEs in developing financial literacy and utilizing financial digitalization include the potential for growth in global markets, increased access to markets, and operational efficiency. Challenges faced by SMEs in developing financial literacy and utilizing financial digitalization include limited resources, lack of knowledge about financial digitalization, and concerns about data security and privacy (Menne et al., 2023). SMEs face many opportunities in developing financial literacy and leveraging financial technology for their business growth. However, the challenges faced by SMEs include limited access to finance and lack of awareness of the benefits of financial technology (Ravikumar et al., 2023).



Challenges faced by SMEs include limited access to finance, lack of awareness about financial literacy and financial digitalization, as well as a lack of human resources who can manage and adopt financial technology effectively (Charfeddine et al., 2024). There are opportunities in developing financial literacy and utilizing financial technology for SMEs, but challenges such as limited access to financial services and limited technological infrastructure also need to be overcome (Aassouli & Ahmed, 2023).

Financial technology is increasingly developing and opening up new opportunities for financial management and SME business development. Meanwhile, challenges include a lack of access and understanding for SMEs regarding financial technology, as well as security and data privacy risks in the use of financial technology (Widyastuti & Hermanto, 2022).

Developing financial literacy and utilizing financial digitalization is an increasingly developing digital technology. The existence of this technology opens up many opportunities for SMEs to improve the financial performance of their business. However, the challenges faced by SMEs in developing financial literacy and utilizing financial digitalization are low levels of financial and digital literacy and lack of access to digital technology. Apart from that, low commitment from the government and financial institutions towards financial literacy is also one of the challenges faced by SMEs.

## **5. CONCLUSION**

The research conducted revealed the significance of financial literacy and financial digitalization as crucial subjects in the context of the development and expansion of Small and Medium Enterprises (SMEs). The research concluded that the use of digital tools can help SMEs manage their finances well and take advantage of available financial technology. However, there are challenges in accessing finance and reducing collateral requests, highlighting the struggles that SMEs are currently facing. Therefore, training and teaching through financial and digital programs are needed among women entrepreneurs to increase financial literacy and take advantage of financial digitalization.

In this research, it was also found that text mining can increase the effectiveness and accuracy of the synthesis of research findings in systematic literature reviews. The findings of this study underscore the development of systematic reviews, emphasizing ongoing methodological adaptation to effectively meet the demands of evolving literature

synthesis. The results of this research can provide a comprehensive understanding of the intersection between financial literacy, financial digitalization and SMEs. It is hoped that the findings of this research can serve as guidelines and recommendations for practitioners, policy makers and relevant stakeholders to increase financial literacy and financial digitalization among SMEs, so as to increase the competitiveness and growth of the SME sector as a whole.

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