

DIGITAL FINANCIAL SERVICES PLAY A SIGNIFICANT ROLE IN SUPPORTING INDIAN MSME

M. Aravind

The purpose of this paper was to investigate the impact of digital financial services on registered micro, small, and medium enterprises (MSMEs) in India. The study focused on assessing the MSMEs' awareness, usage, and preferences regarding various digital financial technologies. Additionally, it explored how demographic variables influenced the adoption of DFS. For the methodology, primary data was collected using a questionnaire with three parts. The first part gathered information on demographic variables, the second part assessed DFS awareness and reasons for adopting it, and the last part examined DFS adoption across different financial activities. The findings revealed that DFS awareness among MSMEs was relatively high but still below the desired level. Events like demonetization and the COVID-19 pandemic contributed to an increase in DFS awareness in the Indian MSME sector. The study found that DFS adoption was influenced by factors like the age and experience of the owner/manager, while the educational level of the owner/manager did not always have a significant impact on DFS adoption. Practical implications suggest that digital financial service providers should focus on enhancing user-friendliness to attract MSMEs, thereby improving customer satisfaction and reducing administrative expenses. Additionally, further government support is needed to raise DFS awareness among MSMEs. In terms of originality and value, this study contributes to the limited existing literature on MSMEs and their knowledge of digital payments, shedding light on their adoption and preferences in the realm of digital financial services.

M. Aravind is Professor, Narasaraopeta Engineering College, Narasaraopet, Palanadu District, Andhra Pradesh, (India). Mail ID-maddaliaravind@gmail.com

Keywords: *digital financial services, Indian MSMEs, demographic variables, mobile payments*