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IMPACT OF FINTECH ADOPTION IN BUSINESS ON FINANCIAL MANAGEMENT EXCELLENCE AMONG MICRO-ENTREPRENEURS IN VILLUPURAM DISTRICT, TAMILNADU

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Abstract

FinTech has transformed the financial services sector by offering innovative digital solutions that enhance the efficiency, accessibility, and convenience of financial transactions. The adoption of FinTech has become increasingly important for micro-level entrepreneurs, as it facilitates effective financial management and supports business growth. In this context, the study examined the impact of FinTech adoption on Financial Management Excellence among micro-level entrepreneurs in Villupuram District, Tamil Nadu. The study is based on primary data collected from 450 micro-level entrepreneurs selected from the nine taluks of the district. A structured questionnaire was used for data collection. Statistical tools such as descriptive statistics, factor analysis, t-test, one-way ANOVA, and regression analysis were employed to analyze the data. The findings reveal that entrepreneurs possess a moderate to high level of awareness regarding FinTech services and generally hold a positive perception towards their usage. Convenience and efficiency factors, business and customer-oriented factors, and economic benefit factors emerged as the major determinants influencing FinTech adoption. The study further reveals that FinTech adoption positively impacts all dimensions of Financial Management Excellence. The highest impact was observed in Financial Planning, Cash Flow Management, Investment Decisions, and Compliance and Tax Management, while comparatively lower impact was found in Risk Management and Profitability Management. It is concluded that FinTech adoption plays a crucial role in improving financial management practices, operational efficiency, and business performance among micro-level entrepreneurs. Strengthening awareness, digital literacy, infrastructure, and support systems can further enhance FinTech adoption and contribute to sustainable entrepreneurial growth.

Key Words: FinTech, Financial management excellence, budgetary control, cost control, profit, working capital, tax.

Introduction

Micro-level entrepreneurship plays a crucial role in the national economy by generating employment opportunities, promoting local production, and contributing to income generation. In India, micro enterprises account for a substantial share of the total registered business organizations, and the government actively supports their growth through concessional loans, subsidies, simplified registration procedures, and various promotional schemes. As a result, the number of micro enterprises has increased significantly in recent years. Many successful large-scale enterprises began as micro businesses, highlighting the importance of effective management for their long-term growth and sustainability. Financial management is one of the most critical aspects of business success, as it serves as the backbone of all business activities.

According to Brigham and Ehrhardt (2019), effective financial management enables organizations to utilize resources efficiently, improve profitability, and achieve sustainable growth. To ensure financial management excellence, entrepreneurs need to focus on key dimensions such as financial planning, budgetary control, cash flow management, cost control, investment decisions, profitability management, risk management, working capital management, financial reporting, and compliance and tax management.

The rapid advancement of technology has transformed traditional financial management practices through the emergence of Financial Technology (FinTech). FinTech integrates innovative technologies with financial services, enabling businesses to perform financial activities more efficiently and conveniently. Arner, Barberis and Buckley (2016) noted that FinTech has revolutionized the delivery of financial services by improving accessibility, efficiency, and customer experience. Similarly, Lee and Shin (2018) observed that FinTech innovations have significantly enhanced business operations by providing faster and more cost-effective financial solutions. The adoption of FinTech offers numerous benefits to entrepreneurs, including automation of routine financial tasks, reduction of operational costs, improvement in transaction speed, and enhanced financial transparency. Dhar and Stein (2017) emphasized that digital financial technologies improve decision-making by providing real-time financial information and analytical insights. Likewise, Gomber et al. (2018) found that FinTech applications contribute to better financial control, operational efficiency, and business performance.

The growing acceptance of FinTech among entrepreneurs highlights its potential to strengthen various dimensions of financial management excellence. By improving financial planning, cash flow monitoring, reporting accuracy, compliance management, and investment decision-making, FinTech enables businesses to achieve greater efficiency and effectiveness. In this context, the present study examines the impact of FinTech adoption on Financial Management Excellence among micro-level entrepreneurs, focusing on ten major dimensions of financial management.

Review of Literature

Meher et al (2021) in their study evidenced that digital banking positively contributed to MSME growth by facilitating easier acceptance of payments from customers, easier payments to suppliers, effective expenditure management, time savings, and better control over cash-related risks. Sun, Ying, and Zhang (2022) analyzed the impact of FinTech on SMEs, where they found that FinTech significantly benefited SMEs by improving access to finance, reducing transaction costs, enhancing operational efficiency, and providing faster and more convenient credit facilities. Digital lending, online payment systems, and data-driven financial services helped SMEs overcome traditional financing barriers and support business growth. Rehman et al. (2023) examined the impact of FinTech adoption on bank credit supplies to SMEs in Pakistan. The study identified that all three technologies significantly enhanced SMEs' access to bank credit by reducing information asymmetry, improving transparency, and enabling more accurate credit assessment. Blockchain technology increased trust and reliability in financial transactions, while Big Data analytics improved the evaluation of borrowers' creditworthiness. Sharma, Ilavarasan, and Karanasios (2023) in their review of the literature study evidenced that FinTech services such as mobile payments, digital wallets, crowdfunding, peer-to-peer lending, digital finance, and supply chain finance significantly improved access to finance, reduce information asymmetry, lower transaction costs, and enhance operational efficiency.

Ali M.A. (2024) in a study examined the impact of Financial Technology (FinTech) adoption on the performance of SMEs. The study found that FinTech adoption significantly improved SME performance by increasing revenue growth, profit margins, customer acquisition rates, and operational efficiency. The study also found that FinTech adoption had a direct positive effect on SME efficiency and an indirect effect through improved business performance. Kumar S., Jayanthi, and Chivukula (2024) in their study identified that the variables digital resource capability, awareness of digital financial inclusion, business obstacles, and financing through digital channels positively influenced the ease of doing business. Further, financing through digital channels emerged as the most influential factor. However, business type and digital financial inclusion usage showed a negative influence. Ahmed and Umar (2024) examined the impact of FinTech adoption on the growth and performance of MSMEs in Nigeria. It evidenced that FinTech adoption positively and significantly influenced MSME growth, operational performance, and employee retention. The study also revealed that FinTech solutions helped for access to finance, improve operational efficiency, and strengthen business competitiveness. Angelina C., and Priya M. (2025) in their research work evidenced that FinTech significantly enhanced the speed, security, and cost-effectiveness of financial transactions while reducing dependence on traditional financial intermediaries. The study also found that FinTech promoted financial inclusion by extending financial services to underserved populations. However, challenges such as cybersecurity threats, regulatory compliance, and the digital divide were identified as major concerns.

Chandrasena, Sdevin, and Priyadarshani (2025) in their study found that the variables perceived ease of use, perceived usefulness, perceived security, and trust significantly and positively influenced financial inclusion among the SMEs. Digital financial literacy had a significant mediating effect, whereas perceived regulatory support did not significantly moderate the relationship between FinTech adoption and financial inclusion. Syarkani (2025) in a study identified that FinTech significantly improved financial inclusion by providing alternative credit assessment methods, peer-to-peer lending platforms, digital lending services, and mobile-based financial solutions. These innovations helped MSMEs overcome traditional barriers such as collateral requirements, lengthy loan procedures, and inadequate financial documentation. Fakhira, Suryani, and Hidayati (2026) in a study study evidenced that both digital adoption and digital financial literacy significantly enhanced financial inclusion. Financial inclusion had a significant positive effect on MSME growth. Khodabakhsh (2026) evidenced that FinTech adoption recorded a significant positive effect on capital management efficiency and financial decision-making quality. Digital financial technologies enhanced financial information accessibility, improve capital allocation, strengthen financial planning, and support strategic financial decisions.

Objectives

- To study the impact of FinTech adoption in business on financial management excellence.
- To examine the relationship between opinion of respondents regarding the impact of FinTech on financial management excellence and business and FinTech usage related variables.

Methodology

The present study is undertaken to examine the impact of FinTech adoption in business on various dimensions of financial management excellence among micro level entrepreneurs. To attain these objectives, the researchers selected Villupuram district from the state of Tamilnadu as study area. The researcher selected a total of 50 micro level entrepreneurs from each taluk, here are 9 taluks in the district, it accounted for a total sample size of 450 entrepreneurs. The researchers framed a well-structured questionnaire and collected primary data using such questionnaire. The researchers applied the statistical tools of Descriptive statistics to know combined effects of impact of FinTech adoption on ten dimensions of financial management excellence, 't' test and One-Way ANOVA are also used to know the association between impact level of FinTech adoption on financial management excellence of business and business and FinTech usage related variables.

Results and Discussion

The core objective of the study is to analyse the impact of FinTech adoption on financial management excellence among micro level entrepreneurs in Villupuram district. For this purpose, the researcher considered ten key dimensions of financial management excellence namely, financial planning, budgetary control, cash flow management, cost control, investment decisions, profitability management, risk management, working capital management, financial reporting, compliance and tax management. The researcher included five variables each for each of the above dimensions. Further the researcher found combined mean score for each dimension, also calculated standard deviation and coefficient of variation under descriptive statistics. These results are presented int table 1.

Table 1: Descriptive Statistics of Impact of FinTech on FM Excellence

Sl. No.	Variables	Mean	SD	CV	Rank
1	Financial Planning	4.19	1.03	24.53	I
2	Budgetary Control	3.73	1.17	31.38	VIII
3	Cash Flow Management	4.13	1.07	26.03	II
4	Cost Control	3.78	1.18	31.34	VII
5	Investment Decisions	4.05	1.09	27.24	III
6	Profitability Management	3.51	1.20	34.17	X
7	Risk Management	3.60	1.20	33.32	IX
8	Working Capital Management	3.85	1.18	30.65	VI
9	Financial Reporting	3.96	1.11	28.15	V
10	Compliance and Tax Management	4.01	1.10	27.53	IV
	Overall Mean	3.88			

Table 1 reveals that the adoption of FinTech services by micro-level entrepreneurs in Villupuram district has a positive impact on all dimensions of Financial Management Excellence, although the extent of impact differs across dimensions. The overall mean score of 3.88 indicates that FinTech significantly contributes to improving financial management practices among the respondents. Among the various dimensions, Financial Planning recorded the highest mean score (4.19) and secured the first rank, indicating that FinTech greatly enhances financial forecasting, planning, and decision-making. Cash Flow Management (Mean = 4.13), Investment Decisions (Mean = 4.05), and Compliance and Tax Management (Mean = 4.01) occupied the second, third, and fourth ranks respectively, demonstrating the effectiveness of FinTech in managing liquidity, supporting investment decisions, and ensuring regulatory compliance.

Further, Financial Reporting (Mean = 3.96) and Working Capital Management (Mean = 3.85) ranked fifth and sixth, reflecting the contribution of FinTech to improved reporting accuracy and operational efficiency. Cost Control (Mean = 3.78) and Budgetary Control (Mean = 3.73) showed a moderate level of impact and secured the seventh and eighth ranks respectively. Relatively lower impact was observed in Risk Management (Mean = 3.60) and Profitability Management (Mean = 3.51), which ranked ninth and tenth respectively, indicating that the benefits of FinTech in these areas are comparatively less perceived by entrepreneurs. The coefficient of variation ranged from 24.53% to 34.17%, suggesting a reasonable level of consistency in respondents' opinions. The lowest variation was observed for Financial Planning, indicating strong agreement among respondents, while Profitability Management exhibited the highest variation in responses. Overall, the findings confirm that FinTech adoption plays a significant role in enhancing Financial Management Excellence among micro-level entrepreneurs.

Association between Business-Variables and FinTech Impact on FM Excellence

The impact of FinTech adoption on various dimensions of Financial Management Excellence may differ among micro-level entrepreneurs based on their business-related characteristics such as type of business, income level, initial investment, monthly turnover, business experience, area of operation, number of employees, legal form of business, and source of investment. To examine whether significant differences exist in respondents' opinions regarding the impact of FinTech on Financial Management Excellence across these business variables, the researcher formulated appropriate null hypotheses and applied One-Way ANOVA. The results of the analysis are presented in Table 2.

H_O: There is no significant difference between the impact level of FinTech adoption on financial management excellence and business-related variables.

Table 2: ANOVA between Business Variables and Impact of FinTech on FM Excellence

SN	Variable	*F*	P	Significance	H_o Result
1	Type of Business	2.292	0.045	Significant	Rejected
2	Income	2.098	0.080	Not Significant	Accepted
3	Initial Investment	2.548	0.039	Significant	Rejected
4	Average Turnover	2.767	0.027	Significant	Rejected
5	Experience	2.779	0.041	Significant	Rejected
6	Area of Business	4.512	0.009	Significant	Rejected
7	Number of Workers	1.554	0.186	Not Significant	Accepted
8	Legal Form	1.906	0.128	Not Significant	Accepted
9	Source of Investments	1.774	0.171	Not Significant	Accepted

Table 2 indicates that several business-related variables significantly influence the respondents' opinions regarding the impact of FinTech adoption on Financial Management Excellence among micro-level entrepreneurs in the study area. The variables namely type of business, initial investment, average monthly turnover, business experience, and area of business operation recorded statistically significant differences, as their calculated F-values under One-Way ANOVA were 2.292, 2.548, 2.767, 2.779, and 4.512 respectively. The corresponding p-values (0.045, 0.039, 0.027, 0.041, and 0.009) were less than the 0.05 level of significance. Hence, the null hypothesis was rejected for these variables. This finding implies that the perceived impact of FinTech adoption on Financial Management Excellence varies significantly across entrepreneurs with different business characteristics relating to business type, investment size, turnover, experience, and operational area.

Conversely, the business-related variables such as income level, number of employees working in the business, legal form of business, and source of investment did not exhibit any statistically significant differences in respondents' opinions regarding the impact of FinTech adoption on Financial Management Excellence. The calculated F-values for these variables were 2.098, 1.554, 1.906, and 1.774 respectively, and their corresponding p-values (0.080, 0.186, 0.128, and 0.171) exceeded the 0.05 significance level. Therefore, the null hypothesis was accepted in these cases. This indicates that entrepreneurs belonging to different income groups, employing varying numbers of workers, operating under different legal forms, or utilizing different sources of investment generally share similar views regarding the impact of FinTech adoption on Financial Management Excellence.

Association between FinTech Usage and FinTech Impact on FM Excellence

The perceived impact of FinTech adoption on various dimensions of Financial Management Excellence may differ among micro-level entrepreneurs based on FinTech usage-related characteristics such as the source of awareness about FinTech, frequency of FinTech usage, type of FinTech services used, experience in using FinTech, and the number of digital transactions carried out per day. These factors may influence the extent to which entrepreneurs benefit from FinTech in managing their financial activities. To determine whether significant differences exist in respondents' opinions regarding the impact of FinTech adoption on Financial Management Excellence based on these FinTech usage-related variables, the researcher formulated an appropriate null hypothesis and employed One-Way ANOVA. The results of the analysis are presented in Table 3.

H_O: There is no significant difference between the impact level of FinTech adoption on financial management excellence and FinTech usage-related variables.

Table 3: ANOVA between FinTech Usage and Impact of FinTech on FM Excellence

SN	Variable	*F*	Table Value	Significance	H_o Result
1	Source of Awareness	1.631	0.153	Not Significant	Accepted
2	Frequency of Usage	2.668	0.047	Significant	Rejected
3	Type of FinTech Used	2.149	0.025	Significant	Rejected
4	Experience of Using FinTech	3.458	0.019	Significant	Rejected
5	No. of Digital Transactions	3.515	0.015	Significant	Rejected

Table 3 reveals that several FinTech usage-related variables significantly influence the respondents' opinions regarding the impact of FinTech adoption on Financial Management Excellence among micro-level entrepreneurs in the study area. The variables namely frequency of FinTech usage, type of FinTech services used, experience in using FinTech, and number of digital transactions carried out per day recorded statistically significant differences. The calculated F-values under One-Way ANOVA were 2.668, 2.149, 3.458, and 3.515 respectively, and the corresponding p-values (0.047, 0.025, 0.019, and 0.015) were less than the 0.05 level of significance. Therefore, the null hypothesis was rejected for these variables. These findings indicate that the perceived impact of FinTech adoption on Financial Management Excellence varies significantly according to the extent and nature of FinTech usage by entrepreneurs. However, no significant difference was observed between the impact of FinTech adoption on Financial Management Excellence and the source of awareness about FinTech. The calculated F-value of 1.631 was not statistically significant, as evidenced by the p-value of 0.153, which exceeds the 0.05 level of significance. Hence, the null hypothesis was accepted for this variable. This implies that respondents, irrespective of how they became aware of FinTech services, share similar opinions regarding the impact of FinTech adoption on Financial Management Excellence.

Conclusion

The study examined the impact of FinTech adoption on Financial Management Excellence among micro-level entrepreneurs in Villupuram District, Tamil Nadu. The findings reveal that FinTech has emerged as an important tool for improving business operations and financial management practices among entrepreneurs. The respondents demonstrated a moderate to high level of awareness regarding FinTech services and generally exhibited a positive perception towards their usage. The study further identified that convenience and efficiency, business and customer-oriented benefits, and economic benefits are the major factors influencing the adoption of FinTech services. Entrepreneurs perceive FinTech as user-friendly, accessible, flexible, and capable of enhancing productivity and business performance. The factor analysis further confirmed that the various influencing variables could be grouped into meaningful dimensions representing the major determinants of FinTech adoption. FinTech adoption has a significant positive impact on all dimensions of Financial Management Excellence. The highest impact was observed in Financial Planning, Cash Flow Management, Investment Decisions, and Compliance and Tax Management, while comparatively lower impact was found in Risk Management and Profitability Management. Nevertheless, the overall findings demonstrate that FinTech contributes substantially to improving financial control, decision-making, reporting, and operational efficiency.

Further, the study found that certain demographic, business-related, and FinTech usage-related variables significantly influence entrepreneurs' opinions regarding the impact of FinTech on Financial Management Excellence. The regression analysis confirmed that positive perceptions towards FinTech significantly enhance its contribution to financial management outcomes. The study concludes that FinTech adoption plays a vital role in strengthening Financial Management Excellence among micro-level entrepreneurs. Therefore, enhancing awareness, digital literacy, technological infrastructure, security measures, and support services can further encourage

FinTech adoption and enable entrepreneurs to achieve greater financial efficiency, business growth, and long-term sustainability.

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