

The Multifaceted Influence of Financial Literacy and Education on SME Financing Decisions in Different Economic Contexts

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Abstract — This research delved into the multifaceted impact of financial literacy and education on Small and Medium-sized Enterprises (SMEs) financing decisions across diverse economic contexts. A systematic literature review examined 280 papers from top-tier "small business management" journals between 1986 and 2020. The analysis unveiled a complex relationship between financial literacy dimensions, such as numerical literacy, risk perception, product understanding, and SME financing choices. Financial education programs emerged as vital tools, increasing awareness of financing options, improving credit application procedures in the short term, and fostering improved decision-making capabilities and long-term financial resilience. The study further highlighted how contextual factors, including cultural norms, regional economic variations, and access to resources, significantly shaped the outcomes of financial education interventions. Additionally, the evolving landscape of digitalization and fintech adoption introduced new dynamics, with financial literacy proving essential for effectively utilizing digital financial tools. These findings underscore the critical role of financial literacy and education in empowering SMEs to make informed financing decisions, navigate challenges, and seize growth opportunities across diverse economic landscapes.

Keywords — financial literacy, financial education, SME financing decisions, economic contexts, contextual factors, digitalization, fintech adoption

I. INTRODUCTION

Small and Medium-sized Enterprises (SMEs) have assumed pivotal roles within the global economy, serving as engines for economic growth, innovation, and employment generation (Seddon et al., 2020; Self et al., 2021). Beyond contributing to a nation's gross domestic product (GDP), they foster entrepreneurship and drive localized development initiatives (Brown, C., 2019). In this dynamic landscape, comprehending SMEs' challenges, particularly in pursuing financial resources, becomes imperative (Chen, L., 2022). Within this context, the central significance of financial literacy and education in shaping SMEs' financing decisions stands out as an area of critical investigation (Wilson, M., 2023).

SMEs form the backbone of developed and developing economies (Harris & Jones, 2020). They encompass diverse business entities, from local artisans and family-owned establishments to cutting-edge startups and technology-driven ventures (Davis et al., 2018). Their collective impact on GDP, employment rates, and technological progress is substantial (Roberts, 2019). In several instances, SMEs serve as nurseries for novel ideas, fostering competition, propelling innovation, and adapting rapidly to market dynamics—often outpacing larger counterparts (Smithson et al., 2023).

Despite their undeniable significance, SMEs often face formidable barriers in securing necessary financial assets for their operations (Brenner et al., 2022). These barriers are complex and multifaceted and vary across geographical regions and economic landscapes (Plante et al., 2021). Among the challenges, SMEs grapple with collateral requirements, intricate regulatory frameworks, and the need to convince risk-averse financial institutions of their creditworthiness (Harris & Jones, 2020). This intricate web of barriers, compounded by information asymmetry, hinders SMEs' access to conventional funding avenues, such as bank loans (Wilson, M., 2023).

Within this complex backdrop, the instrumental role of financial literacy and education in guiding SMEs' financing decisions holds profound significance (Marks et al., 2022). Financial literacy encompasses a spectrum of competencies and insights relevant to effective financial management (Brenner et al., 2022). It ranges from a fundamental understanding of financial products to the ability to engage in sophisticated risk assessment (Brown, C., 2019). The level of financial literacy among SME owners profoundly influences their ability to navigate complex financial alternatives, assess risks pragmatically, and make informed choices regarding their business financing (Smithson et al., 2023).

In summary, the paramount significance of SMEs in the global economy is evident (Roberts, 2019). They represent drivers of economic progress and catalysts for innovation and localized development (Davis et al., 2018). The challenges they face in securing financial resources demand attention, with financial literacy and education emerging as potent catalysts for addressing these challenges (Chen, L., 2022). As we navigate this complex landscape, understanding the role of financial literacy in empowering SMEs to make well-informed financing decisions remains of utmost importance (Harris & Jones, 2020).

The central research problem addressed in this study is to unravel the intricate relationship between financial literacy, educational interventions, and SME financing choices within diverse economic contexts (Smithson et al., 2023). It is imperative to recognize that financial literacy is not a monolithic construct; instead, it comprises various dimensions that interact with each other and the broader economic landscape (Brown, C., 2019). This study seeks to understand how different dimensions of financial literacy, such as numeracy skills, risk perception, and comprehension of financial instruments, intersect with the cognitive and behavioral aspects of SME financing decisions (Wilson, M., 2023).

Beyond examining the immediate impact of financial education programs, this study strives to shed light on the contextual factors that shape the effectiveness of these interventions (Chen, L., 2022). Cultural norms, economic conditions, and access to educational resources can profoundly influence how SMEs perceive and respond to financial literacy initiatives (Marks et al., 2022). Furthermore, this research aims to uncover the longer-term effects of improved financial literacy. How does enhanced financial decision-making translate into SMEs' resilience, growth trajectories, and propensity for innovation (Harris & Jones, 2020).

In essence, this study seeks to advance our understanding of how financial literacy and education are intertwined with the complex fabric of SME financing (Roberts, 2019). By delving into the nuanced dimensions of financial literacy, contextual factors, and long-term outcomes, this research contributes actionable insights for policymakers, educators, and financial institutions aiming to bolster SME growth, adaptability, and financial inclusion in an ever-evolving economic landscape (Brown, C., 2019). Through this investigation, we aspire to illuminate pathways toward more effective interventions that empower SMEs to navigate the intricate world of finance with confidence and competence (Wilson, M., 2023).

II. METHOD

The research employed a comprehensive literature review methodology to thoroughly investigate the intricate influence of financial literacy and education on SME financing decisions across various economic contexts. This approach was chosen to gather and analyze relevant studies systematically, identifying pertinent research and synthesizing crucial insights. Adhering to established transparency and replicability guidelines, the literature review process aimed to maintain methodological rigor (Carlsson et al., 2017).

A meticulous process was followed to identify papers for inclusion in the review. Primary sources were drawn from five prominent "small business management journals." The selected timeframe for consideration spanned from 1986 to 2020, providing a comprehensive historical perspective. The inclusion criteria focused on research articles that examined SME financing, financial literacy, and financial education interventions. Relevance was ensured by concentrating on studies that explored the relationship between financial literacy and SME financing outcomes in diverse economic contexts (Okello Candiya Bongomin et al., 2017).

The data extraction process involved a structured assessment of the chosen papers. Variables of interest included the financial literacy dimensions under study, the types of financial education programs investigated, the economic contexts of the research, and the analyzed SME financing outcomes. Financial literacy dimensions were categorized, encompassing numerical literacy, risk perception, and comprehension of financial products. Financial education programs were classified based on structure, duration, delivery methods, and target audience (Ye & Kulathunga, 2019).

To synthesize and analyze the findings, a methodical approach was adopted to identify recurring themes and patterns. The selected papers underwent content analysis, systematically extracting relevant information about financial literacy, education, and SME financing outcomes. Data were organized into themes, including the influence of financial literacy dimensions on financing choices, the effectiveness of various education programs, and the roles of contextual factors (Viknianska et al., 2021). The analysis applied a qualitative approach to distill key insights and trends from the selected papers. The analysis aimed to unveil the multifaceted impact of financial literacy and education on SME financing decisions by identifying commonalities and variations within and across studies. Quantitative data, including theme frequencies, were also utilized to comprehensively understand the research landscape (Szalai et al., 2014).

This literature review approach ensures the study's methodological robustness. The selection of journals, establishment of inclusion/exclusion criteria, structured data extraction, and synthesis/analysis methods collectively offer a comprehensive exploration of financial literacy, education, and SME financing choices within diverse economic contexts (Mielke et al., 2022).

Table 2: The summary of the methodology in a table format

Aspect	Methodology Description
Systematic Literature Review	A comprehensive exploration of financial literacy, education, and SME financing decisions in diverse economic contexts
Inclusion and Exclusion Criteria	Rigorous selection process: Top journals, 1986-2020 timeframe, relevance to SME financing and financial literacy.
Data Extraction Process	Systematic assessment of selected papers: Financial literacy dimensions, education program types, economic contexts, SME financing outcomes
Synthesis and Analysis Method	Content analysis for recurring patterns and insights; Qualitative approach for key trends; Quantitative data for comprehensive understanding
Methodological Robustness	Ensured integrity: Selection criteria, structured data extraction, and synthesis methods

Source: Processing, 2023

III.RESULT AND DISCUSSION

Dimensions of Financial Literacy

Financial literacy extends beyond a basic understanding of financial terms; it encompasses a comprehensive range of skills, knowledge, and attitudes that empower individuals to manage their financial affairs effectively (Smithson et al., 2023; Plante et al., 2021). Within Small and Medium-sized Enterprises (SMEs), the significance of financial literacy becomes even more pronounced as business owners navigate the intricacies of financial landscapes (Brown, C., 2019). This multifaceted nature of financial literacy includes various dimensions, such as numerical proficiency, the ability to perceive and evaluate risks, familiarity with diverse financial products, and a critical capacity for assessing investment opportunities (Chen, L., 2022; Wilson, M., 2023).

While cognitive understanding plays a role in SME financing decisions, it is essential to recognize that behavioral biases also significantly impact these decisions (Harris & Jones, 2020). The field of behavioral economics highlights how psychological factors, including tendencies such as risk aversion, overconfidence, and present bias, fundamentally shape individuals' financial choices (Marks et al., 2022). These biases can lead SME owners to make suboptimal financing decisions that influencing business growth and long-term sustainability. Therefore, understanding the intricate interplay between cognitive capabilities, behavioral biases, and the contours of financial literacy becomes crucial for comprehending SMEs' complex financial decision-making processes.

The emergence of financial education programs as potential remedies for limited financial knowledge underscores their impact on SMEs (Smithson et al., 2023). These programs are meticulously designed to equip entrepreneurs with the skills to navigate the intricate terrain of financial markets, effectively evaluate funding alternatives, and adeptly manage financial risks (Wilson, M., 2023). Research has affirmed that well-structured financial education interventions can yield immediate improvements in financial decision-making and broader, enduring effects on SME performance, innovation, and resilience (Brown, C., 2019).

However, the efficacy of financial education interventions is closely tied to an array of contextual factors that influence SME owners' engagement and the outcomes of these initiatives (Smithson et al., 2023). Cultural norms, for instance, significantly influence how financial education is received and integrated (Chen, L., 2022). Moreover, regional economic nuances, regulatory frameworks, and the accessibility of educational resources further shape the results of financial literacy programs (Harris & Jones, 2020). Recognizing the intricate interplay between these contextual factors and the effectiveness of education interventions is pivotal in tailoring these programs to the specific economic landscapes they are intended to impact.

The dynamic relationship between financial literacy and the advent of digitalization, particularly in financial technology (fintech), warrants particular attention (Smithson et al., 2023). As SMEs increasingly engage with digital financial tools, financial literacy becomes a determining factor in their ability to harness these technologies effectively. While fintech solutions offer newfound convenience and access to services, their optimal utilization necessitates a certain degree of digital and financial literacy (Davis et al., 2018). This evolving synergy between financial literacy and technology underscores the complex terrain SMEs must navigate as they adapt to fintech solutions.

In summary, the existing literature underscores the intricate nature of financial literacy, encompassing various dimensions that collectively influence SME financing decisions. This complexity is further compounded by the interplay between cognitive and behavioral facets, demanding a holistic approach to understanding owner behavior. Financial education programs emerge as vital tools to counteract information asymmetry and enhance

SMEs' decision-making prowess. However, their success is intricately tied to contextual elements such as cultural norms, regional economics, and resource availability. The emerging digital landscape adds another layer of intricacy, as financial literacy and technology confluence shape SMEs' integration of fintech solutions. By weaving together these multifaceted aspects, this literature review provides a foundation for delving deeper into the intricate relationships between financial literacy, education, and SME financing choices across economic contexts.

Impact of Different Dimensions of Financial Literacy on SME Financing Decisions

The systematic analysis of the selected papers sheds light on the intricate relationship between various dimensions of financial literacy and the decision-making processes of Small and Medium-sized Enterprises (SMEs). Numerical literacy, a foundational aspect, stands out as a pivotal factor that significantly influences SME owners' capacity to navigate the financial intricacies of their businesses. It enables them to decipher complex financial statements, critically evaluate various funding alternatives, and manage cash flows effectively. Numerical literacy, therefore, forms the bedrock upon which sound financial decisions are built (Usama & Yusoff, 2019).

Risk perception emerges as another crucial dimension in the landscape of financial literacy. This dimension extends beyond numerical skills and how SME owners perceive and approach financial risks. The analysis reveals that risk perception plays a profound role in shaping risk-taking behavior, which, in turn, influences SMEs' willingness to explore innovative financing options. SMEs with a heightened risk perception are more likely to engage in riskier, potentially high-yield financing endeavors. At the same time, those with a more risk-averse outlook may opt for safer, albeit lower-return financing choices (Molina-García et al., 2023).

Understanding financial products and their nuances constitutes another dimension of financial literacy significantly impacting SME financing decisions. The ability to differentiate between diverse funding sources and select those that align with the specific growth trajectory of the business is a vital outcome of this dimension. SMEs with a deep understanding of financial products are better equipped to make informed choices, optimizing their financing strategies to meet their unique needs and circumstances (Drexler et al., 2014).

Table 2: The summarize these multifaceted dimensions and their impact on SME financing decisions, the following table provides a concise overview:

Financial Literacy Dimension	Impact on SME Financing Decisions
Numerical Literacy	- Enables comprehension of financial statements - Facilitates evaluation of funding options - Enhances cash flow management
Risk Perception	- Shapes risk-taking behavior - Influences willingness to explore innovative financing options
Understanding Financial Products	- Supports differentiation of funding sources - Facilitates alignment of financing choices with business growth

Source: Processing, 2023

This table encapsulates the intricate relationship between financial literacy dimensions and SME financing decisions, underscoring the importance of a holistic approach to financial literacy. Numerical literacy, risk perception, and understanding of financial products collectively enhance SME owners' decision-making prowess in the complex financing world.

Effects of Financial Education Interventions

The comprehensive review of the literature illuminates the multifaceted impact of financial education interventions on the financing outcomes of Small and Medium-sized Enterprises (SMEs). The analysis unveils a spectrum of effects these interventions engender, ranging from short-term to enduring impacts. In the short term, financial education programs emerge as powerful tools in enhancing SME owners' awareness of diverse financing options and refining their proficiency in navigating credit application processes. This, in turn, translates into tangible benefits such as elevated rates of loan approvals, allowing SMEs to access the capital essential for their operations and growth (Ambuehl et al., 2014).

Remarkably, the effectiveness of financial education interventions is broader than immediate gains. Instead, the impact ripples through time, leading to lasting transformations in SME financing behaviors and decision-making capabilities. Over the long term, SMEs that partake in well-structured financial education programs exhibit enhanced aptitude in making informed financial decisions (Wang & Degol, 2016). This reduces reliance on high-cost financing sources, fostering a more cost-effective financial management approach. Furthermore,

the analysis highlights the heightened financial resilience that SMEs with a solid financial education foundation demonstrate during economic downturns. Such resilience emanates from the ability to adapt and make sound decisions amid challenges, ultimately safeguarding the sustainability of SMEs.

Financial education interventions also equip SME owners with the skills to seek alternative financing avenues and negotiate improved terms (Fernandes et al., 2014). This broader financial literacy empowers SMEs to proactively explore various funding sources beyond traditional bank loans, diversifying their financial portfolios. The capacity to negotiate better terms bolsters SMEs' financial stability and positions them for sustained growth and development. This strategic approach, bolstered by financial education, propels SMEs towards achieving their financial objectives and long-term sustainability.

Table 3: The diverse effects of financial education interventions on SME financing outcomes, the following table provides a succinct overview:

Impact of Financial Education Interventions	Effects on SME Financing Outcomes
Short-Term Effects	<ul style="list-style-type: none"> - Increased awareness of financing options - Improved proficiency in credit application procedures - Higher rates of loan approvals
Long-Term Effects	<ul style="list-style-type: none"> - Enhanced financial decision-making capabilities - Reduced reliance on high-cost financing sources - Heightened financial resilience during economic downturns - Empowerment to seek alternative financing and negotiate improved terms

Source: Processing, 2023

Influence of Contextual Factors on Financial Education Outcomes

The literature analysis underscores the substantial impact of contextual factors on the outcomes of financial education programs targeted at Small and Medium-sized Enterprises (SMEs). Within this complex tapestry, cultural norms emerge as crucial determinants in shaping the reception and effectiveness of financial education interventions (Peeters et al., 2018). The studies reveal that interventions tailored to align with local cultural practices and sensibilities yield more favorable results in promoting financial literacy. This underscores the importance of culturally sensitive approaches that resonate with SME owners, enhancing their engagement with and understanding of financial concepts.

The influence of regional economic variations is equally pronounced in shaping the efficacy of financial education initiatives. Research highlights that the economic challenges and opportunities specific to each region play a pivotal role in determining the relevance and impact of financial education content (Massey et al., 2016). Programs that address these unique economic dynamics are better positioned to foster meaningful financial literacy improvements among SME owners. This emphasizes the need for context-specific content that equips SMEs with knowledge directly applicable to their economic environment.

Access to resources, spanning digital infrastructure and educational materials, is a vital factor that significantly shapes the effectiveness of financial education programs (Fan & Chatterjee, 2018). In an increasingly digital age, the availability of online platforms and resources can democratize financial education, enabling SME owners to access information at their convenience. The studies reveal that well-equipped SMEs with digital tools and many educational materials tend to derive more substantial benefits from financial education interventions. This underscores the importance of equipping SMEs with the necessary tools and resources to maximize the impact of financial education efforts.

Table 4: The capture of the nuanced influence of contextual factors on financial education outcomes, the following table succinctly presents the key insights:

Contextual Factor	Influence on Financial Education Outcomes
Cultural Norms	<ul style="list-style-type: none"> - Shaping reception and effectiveness of interventions - Tailored approaches aligned with local practices are more successful
Regional Economic Variations	<ul style="list-style-type: none"> - Economic challenges/opportunities impact content relevance - Targeted programs addressing regional dynamics prove more impactful
Access to Resources	<ul style="list-style-type: none"> - Digital infrastructure and educational materials enhance program

Contextual Factor	Influence on Financial Education Outcomes
	effectiveness - Well-equipped SMEs tend to benefit more from financial education initiatives

Source 5: Processing, 2023

This table concisely encapsulates the intricate interplay between contextual factors and the outcomes of financial education interventions, emphasizing the importance of adapting strategies to suit specific cultural, economic, and resource-related considerations.

Link Between Improved Financial Literacy and Long-Term SME Performance

The synthesis of research findings underscores a robust and compelling link between improved financial literacy and positive long-term outcomes for Small and Medium-sized Enterprises (SMEs). The analysis reveals that SMEs bolstered with enhanced financial literacy are inherently better prepared to navigate the intricate landscape of financial challenges (Eniola & Entebang, 2017). Their ability to effectively respond to market fluctuations, allocate resources judiciously and make informed financial decisions sets them on a trajectory of sustainable growth and resilience.

Significantly, the correlation between heightened financial literacy and positive outcomes is not limited to immediate financing decisions. Instead, its impact radiates across broader dimensions of SME operations, fundamentally influencing core business strategies, risk management practices, and innovation adoption (Ismanto et al., 2020). SMEs with elevated financial literacy levels exhibit a more comprehensive understanding of risk-reward trade-offs, enabling them to make calculated decisions that minimize potential pitfalls. Furthermore, the synthesis indicates that these SMEs are more adept at identifying and capitalizing on growth opportunities, fostering sustained performance and innovation over the long term.

This synthesis of research findings illuminates the profound influence of improved financial literacy as a catalyst for holistic and enduring SME success. As SMEs navigate the dynamic landscape of modern business, elevated financial literacy emerges as a cornerstone that guides immediate financial decisions and shapes the essence of their business strategies, risk management protocols, and innovative endeavors.

Table 6: Encapsulates this significant link:

Link Between Improved Financial Literacy and Long-Term SME Performance	Key Connections and Effects
Positive Outcomes	- Better navigation of financial challenges - Responsiveness to market fluctuations - Resource allocation optimization
Broader Business Influence	- Impact on core business strategies - Enhanced risk management practices - Facilitation of innovation adoption
Sustainable Growth and Innovation	- Identification and capitalization of growth opportunities - Sustained performance and innovation in the long term

Source: Processing, 2023

This table succinctly captures the intricate connections between heightened financial literacy and positive, long-term SME performance outcomes, showcasing the transformative potential of financial literacy across various dimensions of business operations.

Interplay Between Digitalization, Fintech Adoption, and Financial Literacy

The interplay between digitalization, fintech adoption, and financial literacy introduces a dynamic dimension to the relationship between Small and Medium-sized Enterprises (SMEs) and their financing strategies. The evolving landscape of digital financial tools and fintech solutions adds a layer of complexity where convenience coexists with the necessity of financial and digital literacy (Kakinuma, 2022). While these tools offer unparalleled ease in financial management, their optimal use demands a certain level of proficiency in both financial concepts and digital navigation.

The research synthesis reveals a distinct advantage for SMEs with sufficient financial literacy. These SMEs are better positioned to harness fintech solutions effectively, leveraging them to streamline financial processes, access alternative financing avenues, and enhance the efficiency of transactions (Zaghlol et al., 2021). Their

aptitude in understanding financial intricacies facilitates the integration of fintech tools into their business operations, leading to improved financial management practices and diversified funding approaches.

However, the intersection of digitalization, fintech, and financial literacy also brings to the forefront issues of accessibility and equity. Disparities in access to digital infrastructure and varying levels of financial literacy underscore the need for targeted interventions to bridge the digital divide (Saleem, 2021). Ensuring that all SMEs, regardless of their financial literacy levels, can benefit from the advantages of digital financial tools becomes a crucial consideration. This necessitates efforts to enhance financial and digital literacy concurrently, enabling SMEs to leverage the full potential of fintech solutions.

Table 7: The encapsulate the multifaceted dynamics of the interplay between digitalization, fintech adoption, and financial literacy, the following table succinctly outlines the key insights:

Interplay Between Digitalization, Fintech Adoption, and Financial Literacy	Core Dynamics and Implications
Advantage for Financially Literate SMEs	<ul style="list-style-type: none"> - Proficient utilization of fintech solutions - Streamlined financial management - Access to alternative financing sources - Enhanced transaction efficiency
Equity and Access Disparities	<ul style="list-style-type: none"> - Varying access to digital tools - Need for targeted interventions to bridge divides

Source: Processing, 2023

This table encapsulates the intricate dynamics between digitalization, fintech adoption, and financial literacy, highlighting both the advantages and challenges this interplay introduces to SME financing strategies. In summary, the results of the systematic literature review underscore the multifaceted nature of financial literacy's impact on SME financing decisions. Different dimensions of financial literacy contribute to distinct aspects of SME financing, ranging from comprehending financial products to risk perception. Financial education programs yield short-term and long-term benefits, enhancing SME owners' ability to secure financing and make informed decisions. However, the success of these programs is contingent upon contextual factors such as cultural norms, economic conditions, and access to resources. Improved financial literacy was correlated with long-term SME performance, innovation, and resilience, amplifying the significance of financial education initiatives. The intersection between digitalization, fintech adoption, and financial literacy further underscored the need for holistic interventions addressing financial and technological literacy among SME owners.

Policy Implications for Governments, Financial Institutions, and Educational Bodies

The findings of this systematic literature review have far-reaching policy implications for stakeholders across governments, financial institutions, and educational bodies. Recognizing the significance of SMEs as engines of economic growth and employment, policymakers are encouraged to integrate financial literacy and education initiatives into their broader economic development strategies. Government agencies can collaborate with financial institutions to design and implement targeted programs that address the unique needs of SMEs within specific economic contexts (Shattock, 2017).

The review's insights emphasize the importance of tailoring financial education programs to address specific dimensions of financial literacy and contextual demands. Given the multifaceted nature of financial literacy, programs should encompass diverse aspects such as numerical literacy, risk perception, and comprehension of financial products. Cultural norms, regional economic variations, and access to resources should inform the curriculum design, ensuring that the content resonates with SME owners and enhances their decision-making capabilities (Schulman, 2018).

One of the central conclusions drawn from this study pertains to the need for allocating resources to support and scale effective financial education initiatives for SMEs. In collaboration with financial institutions, governments should consider earmarking funds for targeted programs that demonstrate the potential for long-term impact. Additionally, financial institutions can play a pivotal role by dedicating resources to facilitate financial literacy workshops, online resources, and mentorship programs. Formal and informal educational bodies are encouraged to integrate financial literacy into curricula and training modules, fostering a culture of financial competence from an early stage.

The implications of this study underscore the importance of collaborative efforts among governments, financial institutions, and educational bodies. A multi-stakeholder approach ensures the alignment of objectives, resources, and expertise, leading to the development of comprehensive and impactful financial education initiatives. Collaborations can extend to partnerships with industry associations, technology providers, and community organizations, amplifying the reach and effectiveness of financial literacy programs (Lubawa, 2021).

Ultimately, the policies and initiatives resulting from this study have the potential to foster long-term economic resilience. By equipping SME owners with the financial knowledge and skills needed to navigate dynamic market conditions, governments and stakeholders contribute to the overall stability of economies. SMEs well-versed in financial matters are better positioned to withstand economic downturns, adapt to emerging trends, and make strategic investments that drive innovation and growth (Xu et al., 2016). Educating graduates for marketing in SMEs: An update for the traditional marketing curriculum.

In summary, this systematic literature review's funding and policy implications offer actionable guidance for governments, financial institutions, and educational bodies seeking to empower SMEs through enhanced financial literacy and education. Tailored programs that acknowledge the nuanced dimensions of financial literacy consider contextual variations, and strategically allocate resources hold the potential to improve SME financing decisions and contribute to nations' broader economic prosperity and resilience.

Discussion

The systematic literature review synthesizes the intricate interplay between financial literacy, education, and SME financing decisions in diverse economic contexts. This discussion section delves deeper into the nuanced implications of the study's findings, their alignment with existing research, and the broader significance for stakeholders and the field of SME management.

Integration of Financial Literacy and Decision-Making

The results underscore the multifaceted nature of financial literacy, transcending mere numerical comprehension to encompass risk assessment, financial product understanding, and more. This aligns with existing literature that emphasizes the holistic nature of financial literacy. The findings resonate with cognitive psychology theories that highlight the role of cognitive abilities in financial decision-making. Moreover, the observed influence of risk perception corroborates research that links behavioral biases to financing choices, emphasizing the need for financial education to address cognitive and behavioral aspects (Blue et al., 2014).

Long-Term Impact of Financial Education

The study's identification of short-term and long-term impacts of financial education programs aligns with the broader education literature, which underscores the transformative potential of education beyond immediate outcomes. The connection between financial education and improved decision-making aligns with educational theories that emphasize cultivating critical thinking and problem-solving skills. The long-term effects further resonate with studies on human capital development, where enhanced skills contribute to overall economic resilience and growth (Wagner & Walstad, 2019).

Contextual Complexity

The analysis of contextual factors adds a layer of complexity to the relationship between financial literacy, education, and SME financing. The significance of cultural norms resonates with cross-cultural psychology, highlighting the need for culturally sensitive interventions. The influence of regional economic conditions aligns with research on economic geography, emphasizing that regional disparities necessitate tailored strategies (Atkinson & Messy, 2012). Access to resources echoes educational equity literature, where resource availability shapes learning outcomes. This contextual lens reinforces the call for customized financial education programs that adapt to the specific needs of SME owners within their unique economic environments.

Digitalization and Technological Literacy: The emerging intersection between digitalization, fintech adoption, and financial literacy aligns with the evolving business and technology landscape. The study's emphasis on the role of technological literacy in harnessing fintech solutions mirrors research on the digital divide, underscoring the importance of technology access and competence. This insight holds implications beyond SME financing, resonating with discussions on digital inclusion and equity across various domains (Siddik et al., 2023). **Broader Implications for Stakeholders** The implications derived from this study offer actionable guidance for multiple stakeholders. Governments can leverage the findings to design holistic economic development strategies that empower SMEs through financial literacy initiatives. Financial institutions can refine their educational offerings to align with SMEs' unique requirements, enhancing customer relationships and market penetration. Educational bodies can integrate financial literacy into curricula, contributing to the cultivation of well-rounded entrepreneurial skills (Mohanty & Dash, 2016).

Advancing the Field of SME Management, This study contributes to the evolving field of SME management by deepening the understanding of how financial literacy and education influence SME financing. By synthesizing existing research, the study highlights gaps in knowledge and areas that require further exploration. The contextual analysis emphasizes the need for context-specific interventions, pushing researchers and practitioners to adopt a more nuanced approach to program design and implementation (Afriyie et al., 2019).

Limitations and Avenues for Future Research While this systematic literature review provides comprehensive insights, it has limitations. The scope of research articles from top journals might include relevant studies from other sources. Furthermore, the dynamic nature of digitalization warrants ongoing research to capture evolving trends and their impact on SME financing strategies. Future research can delve into the effectiveness of specific financial education interventions, exploring the design elements that yield optimal outcomes. In conclusion, this study's findings highlight the intricate relationships between financial literacy, education, and SME financing decisions. The discussion underscores the study's alignment with existing literature, its implications for stakeholders, and its potential to advance the field of SME management. By illuminating the nuanced dimensions of financial decision-making and contextual influences, this research paves the way for targeted, effective interventions that empower SMEs to navigate complex financial landscapes confidently and competently. As economies evolve, the knowledge derived from this study becomes an invaluable asset in fostering resilient and innovative SME ecosystems.

IV. CONCLUSION

The systematic literature review conducted in this study provides a comprehensive understanding of the intricate relationship between financial literacy, education, and SME financing decisions across diverse economic contexts. As we recap the key insights, emphasize the complexity of this relationship, and reflect on its implications, it becomes clear that this research holds profound significance for SME growth, resilience, and financial inclusion. Through a rigorous analysis of research articles spanning over three decades, this study has illuminated several vital insights. The multifaceted nature of financial literacy, encompassing numerical skills, risk perception, and comprehension of financial products, emerged as a foundational aspect influencing SME financing decisions. Cognitive and behavioral dimensions further underscored the complexity of these choices, calling for holistic educational approaches. The study revealed the transformative potential of financial education interventions, with short-term impacts on securing financing and long-term effects on enhancing decision-making, resilience, and innovation. The influence of contextual factors, including cultural norms and regional economic variations, emphasized the need for tailored interventions.

Moreover, the emerging intersection of digitalization, fintech adoption, and financial literacy highlighted the evolving landscape SMEs must navigate. The findings underscore the complex and multifaceted relationship between financial literacy, education, and SME financing decisions. This complexity arises from the diverse dimensions of financial literacy, the intricate cognitive and behavioral aspects of decision-making, and the contextual nuances that shape outcomes. Promoting effective financial decision-making among SMEs requires a comprehensive understanding beyond mere numerical knowledge.

This study's implications ripple across the landscape of SMEs, offering pathways to bolster their growth, resilience, and financial inclusion. By equipping SME owners with well-rounded financial skills, education empowers them to make informed decisions that drive sustainable growth. Improved financial decision-making enhances resilience, enabling SMEs to weather economic storms and seize opportunities. Furthermore, financial education can contribute to financial inclusion by bridging the knowledge gap and empowering SMEs to access a broader spectrum of financing options.

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