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CERTIFICATE

This is to certify that the project titled " **THE EFFECT OF FINTECH ON MICRO ENTERPRISES WITH SPECIAL REFERENCE TO KOCHI CITY** " submitted to Mahatma Gandhi University in partial fulfillment of the requirement for the award of Degree of Bachelor in Commerce is a record of the original work done by **Ms. Simran Sharma, Ms. Lakshmi Priya R, Ms. Mamta Yadav, Ms. Aparna Manoj,** under my supervision and guidance during the academic year 2024-25.

Project Guide

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Viva Voce Examination held on...25/03/2025

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THE EFFECT OF FINTECH ON MICRO ENTERPRISES WITH SPECIAL REFERENCE TO KOCHI CITY

Project Report

Submitted by

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Under the guidance of

Ms. SNEHA ABRAHAM

In partial fulfillment of the requirement for the Degree of

BACHELOR OF COMMERCE

ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM

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Department of Commerce (SF)	**Department of Commerce (SF)**

Viva Voce Examination held on…. **External Examiner(s)**

DECLARATION

We, Ms. Simran Sharma, Ms. Lakshmi Priya R, Ms. Mamta Yadav, Ms. Aparna Manoj, final year B.Com students (Capital Market), Department of Commerce (SF), St. Teresa's College (Autonomous) do hereby declare that the project report entitled " THE EFFECT OF FINTECH ON MICRO ENTERPRISES WITH SPECIAL REFERENCE TO KOCHI CITY " submitted to Mahatma Gandhi University is a bonafide record of the work done under the supervision and guidance of Ms.Sneha Abraham , Assistant Professor of Department of Commerce (SF), St. Teresa's College (Autonomous) and this work has not previously formed the basis for the award of any academic qualification, fellowship, or other similar title of any other university or board.

PLACE: ERNAKULAM **SIMRAN SHARMA**

DATE: **LAKSHMI PRIYA R**

MAMTA YADAV

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SIMRAN SHARMA

LAKSHMI PRIYA R

MAMTA YADAV

APARNA MANOJ

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ANNEXURE

1.1 INTRODUCTION

Fintech encompasses the innovative use of technology to enhance and automate financial services. It includes a broad array of applications, such as digital payments, peer-to-peer lending, block chain technologies, and robo-advisors, aimed at improving efficiency, accessibility, and user experience in finance. Peer-to-peer lending platforms like Lending Club and Kiva have revolutionised access to credit, facilitating billions in loans to individuals and small businesses who might otherwise struggle to secure funding from traditional banks. Overall, fintech represents a paradigm shift in how financial services are delivered, making them more efficient and accessible, particularly for underserved populations and micro enterprises.

Over the past six years, especially since the COVID-19 lockdown, micro enterprises in Kerala have experienced a profound shift in their payment and banking practices. The rise of contactless payments has played a crucial role in transforming how small businesses operate, as health concerns and social distancing pushed both consumers and enterprises towards safer, more efficient transaction methods. Technologies such as UPI, mobile wallets, and tap-to-pay cards saw a sharp increase in adoption, enabling micro enterprises to offer fast, secure, and convenient payment options. Additionally, the banking habits of micro enterprises in Kerala evolved significantly, with more businesses turning to digital banking solutions for managing their finances. Kerala has one of the largest numbers of MSMEs in India. In 2018-2019, there were around 23.79 lakh MSME units in Kerala, of which 23.58 lakh were micro enterprises. Online banking, mobile apps, and digital financial services have become essential tools, allowing micro enterprises to streamline operations, access financial products, and improve cash flow management in a rapidly changing economic environment. This digital transformation has been a key driver in enhancing business resilience and adaptability for small businesses in Kerala.

Fintech platforms provide faster and more accessible loan options compared to traditional banks, enabling micro enterprises to secure funds with less stringent requirements. Additionally, digital payment solutions streamline transactions, reducing costs and enhancing cash flow. Fintech tools for financial management simplify tasks like accounting and invoicing, allowing business owners to focus on growth rather than administrative burdens. Overall, these innovations empower micro-enterprises, foster financial inclusion, and drive economic growth.

Despite its advantages, the fintech revolution has disadvantages for micro-enterprises, including cybersecurity risks due to increased reliance on technology, which can lead to data breaches and fraud. Additionally, the complexity of fintech solutions may alienate less tech-savvy entrepreneurs. Regulatory uncertainties can create compliance challenges, and hidden fees in some services can affect profitability. Around 50-60% of microenterprises in Kerala lack access to formal financial institutions. Many of these enterprise channels. This is consistent with Cochin City trends, where micro enterprises across Cochin City often struggle with formal financial inclusion due to similar barriers.

The Fintech revolution is reshaping the financial services landscape by providing micro-enterprises with greater access to funding, efficient payment systems, and valuable financial management tools. By leveraging the power of fintech, micro-enterprises can overcome traditional barriers, create new opportunities, and contribute significantly to economic development and job creation.

1.2 STATEMENT OF THE PROBLEM

Fintech has revolutionized micro enterprises by providing easier access to financial services through digital payments, mobile banking, and alternative lending platforms. It enhances financial inclusion, streamlines transactions, and offers new funding opportunities, enabling small businesses to grow with greater efficiency. While fintech reduces financial barriers, challenges like cybersecurity risks and digital literacy remain key concerns.

The influence of fintech on microenterprises in Cochin City remains largely unexplored, with limited research available on how these digital financial technologies impact small businesses in the region, especially in the post-pandemic period. While several studies have focused on microenterprises, few have concentrated specifically on the adoption and effect of fintech in Cochin City. The lack of comprehensive studies on this subject leaves a gap in understanding how fintech solutions may have influenced the growth, financial inclusion, and operational efficiency of microenterprises. This study seeks to address this gap by investigating the adoption of fintech among microenterprises in Cochin City and examining its potential role in overcoming financial barriers, particularly in the post-pandemic economic landscape.

1.3 SCOPE OF THE STUDY

The geographical scope of the study extends to the micro enterprises in Cochin City. The study focuses on micro-enterprises in emerging markets, particularly in regions where fintech solutions are rapidly evolving and transforming the business landscape. The theoretical scope of the research explores frameworks related to financial inclusion, innovation diffusion, and the socio-economic impact of technology on small businesses, examining how fintech influences the growth, sustainability, and competitiveness of micro-enterprises.

1.4 OBJECTIVES OF THE STUDY

- To identify the extent of usage of fintech services and the level of satisfaction
- To analyse the factors influence in the rise of fintech post COVID
- To analyse the effect of various demographic factors in fintech usage (age, financial literacy, gender, trust)
- To assess how fintech solutions have contributed to the revenue growth of micro enterprises

1.5 RESEARCH METHODOLOGY

1.5.1 Research Design: The present study is descriptive, quantitative, and analytical in nature. It is descriptive in the sense that it tries to identify various characteristics of research problems. It is quantitative because it involves numerical expression. And it is analytical since it examines, analyses and interprets collected data in order to arrive at conclusion

Research Instrument: Questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents.

1.5.2 Sample design: Sampling is a process used in statistical analysis in which a predetermined no: of observation is taken from a larger group. Random sampling technique was used to select the samples from the population. Sample size: Out of the whole enterprises in Cochin city, a sample size of 120 was selected for the survey.

1.5.3 Collection of data: Both primary and secondary data were used for data collection.

Primary data: The data which is collected from primary sources that is a source of origin from where the data is generated, they are collected for the first time by an investigation or an agency for any statistical analysis. For collecting primary data we use the method of questionnaire. The questionnaire is a major technique for collection of primary data. The structured questionnaire samples for gathering primary data. distributed to

Secondary data: Secondary data on the other hand is one which has already been collected by someone else and has been passed through the statistical process. Information from secondary sources like journals, newspapers, books, magazines, reports, websites etc. has contributed to this study.

1.5.4 Research instruments for Data collection and analysis: The collected data were used with the help of statistical tools like percentages. In the questionnaire five-point scales were used several times, four point and three-point scales were also used. Tabular and graphical presentations were used for presentation of data. Graphical presentation includes bar diagram, histogram, pie chart etc.

1.6 LIMITATIONS OF THE STUDY

When conducting a project on the effect of fintech on micro enterprises, several limitations arose. Data collection was a significant hurdle, as many micro enterprises often lacked formal financial records, and fintech usage data was not readily available. Access to reliable, up-to-date information was also limited, especially for smaller or informal businesses operating in rural areas. Cultural and behavioural factors, such as digital literacy and trust in technology, further restricted fintech adoption, skewing results. Additionally, rapid changes in fintech meant the technology itself was evolving, which could make findings quickly outdated and less applicable over time. The study was conducted over a limited period of six months, which may not have been sufficient to capture the long-term effects of fintech on micro-enterprises. Lastly, the research was confined to Cochin City, limiting the generalizability of the findings to other regions or larger populations.

1.7 CHAPTER OUTLINE

This research study has been presented in five chapters. Each part of the study has a significant role in the completion of study. Here are the chapter segregation followed for the study.

1.7.1 Introduction

This chapter provides an overview of fintech, defining its key components and explaining its role in revolutionizing financial services. It highlights the growth of digital financial technologies and their significance for businesses, particularly micro-enterprises, in a post-COVID world.

1.7.2 Review of Literature

This chapter reviews 15 studies on FinTech's impact on microenterprises post-COVID, divided into international, national, and state-level categories. It explores how technological advancements have influenced financial access, business operations, and economic recovery.

1.7.3 Theoretical Framework

This chapter examines the evolution of fintech, providing a clear definition and exploring various forms such as digital payments, lending, and blockchain. It highlights popular fintech services, their features, and compares them with traditional financial services, addressing both advantages and disadvantages. The chapter also discusses emerging trends and forecasts future developments in the fintech industry.

1.7.4 Data Analysis and Interpretation

This chapter presents the analysis and interpretation of the data collected from 120 microenterprises for the project. It outlines the methods used to gather insights on the impact of fintech on micro-enterprises post-COVID, providing a detailed examination of key trends, patterns, and correlations. The findings are interpreted to highlight the role of fintech in business recovery and growth.

1.7.5 Findings, Recommendations and Conclusion

In the last chapter we presented the key findings, highlighting how fintech solutions have supported business recovery. We provided recommendations for leveraging fintech to enhance growth and sustainability in micro enterprises. The conclusion summarized the transformative impact of fintech and suggested areas for further research.

2.1 International Level

Khairina Rosyadah, Budiandriani Budiandriani, and Tasrik Hasrat (2021) explores how fintech supports financial inclusion among MSMEs in Makassar City, as increasing internet access has expanded digital financial services. The Financial Services Authority highlights that fintech can be a key driver in improving national financial inclusion, making this study essential in understanding fintech's impact at a local level. The researchers surveyed 335 MSMEs in Makassar through online and offline questionnaires, using convenience sampling in this quantitative study. Employing linear regression analysis, the study reveals that fintech positively influences financial inclusion among MSMEs, with a notable effect of 0.259. This finding emphasises fintech's role in advancing financial access and suggests that fintech integration can significantly support MSME growth and economic participation in Makassar.

Ndung'u Ng'ang'a Pius (2021) investigates the effect of fintech on the growth of small and medium enterprises (SMEs) in Kiambu County, Kenya, where SMEs account for over 50% of employment and have significantly contributed to employment growth in the past decade. Despite their importance, many SMEs face high failure rates, prompting the need to assess how fintech solutions such as mobile money, digital lending, and online banking can enhance their growth. The research employed a descriptive design targeting 4,897 licensed SMEs in Kiambu County, utilising stratified random sampling to select a sample of 356 SMEs. Datawere gathered through a self-administered questionnaire, validated through a pilot test, and analysed using SPSS version 25 with various statistical methods. The findings indicate that fintech positively impacts SME growth, with 16% of growth attributed to the adoption of these financial technologies. The study recommends that financial institutions collaborate with mobile service providers to enhance financial service offerings for SMEs, while also suggesting further research into additional factors affecting SME growth not covered in this study.

Monzur Hossain and Tahreen Tahrima Chowdhury (2022) investigates the impact of the COVID-19 pandemic on micro, small, and medium-sized enterprises (MSMEs) in Bangladesh and the role of fintech, particularly mobile financial services (MFS), in facilitating their recovery from pandemic-induced challenges. As MSMEs are vital to economic stability, understanding how fintech can aid their recovery is crucial, especially in the context of an unprecedented global crisis. The researchers conducted a survey of 216 MSMEs within Bangladesh Small and Cottage Industries Corporation (BSCIC) industrial estates from January to March 2021, utilising instrumental variable regression to analyse the impact of MFS on firms' production, sales, and profits during three distinct periods: lockdown, limited lockdown, and reopening. The findings reveal a significant positive impact of MFS on MSMEs' recovery, with firms using digital finance experiencing improved production and sales, allowing them to recover more quickly. However, the study also highlights a concern that only 31% of surveyed firms used MFS for their operations, indicating the need for greater incentives and supportive policies to encourage broader adoption of digital finance solutions among MSMEs, especially during challenging times like the pandemic.

Sumani Sumani and Ignatius Bryan Prasetya (2022) examines the impact of financial technology on the performance of micro, small, and medium enterprises (MSMEs) in the urban regions of Jakarta, Bogor, Depok, Tangerang, and Bekasi in Indonesia. As MSMEs represent a significant portion of entrepreneurs in developing countries, understanding how technology influences their performance is essential for enhancing economic growth and sustainability. The researchers collected primary data through online questionnaires distributed to 130 MSM entrepreneurs using a purposive sampling technique, analysing the data with SPSS 26 software. The results indicate that, while the overall use of financial technology does not significantly impact MSME performance, specific aspects such as funding and promotional offers do enhance performance, suggesting that targeted fintech solutions can better support MSMEs in achieving their business objectives.

Oluyemisi Agboola, Iyabode Abisola Adelugba, and Benneth Uchenna Eze(2023) investigates the impact of fintech lending on the survival and sales revenue of micro-enterprises in Nigeria. Given the critical role that micro-enterprises play in the Nigerian economy, understanding how financial technology can enhance their sustainability and profitability is essential. The researchers conducted a survey in February 2023, collecting responses from 303 owners and managers of micro-enterprises in Lagos, achieving a response rate of 76%. The findings reveal that fintech lending significantly influences survival, accounting for a 24.9% change, and contributes to a 30.8% increase in sales revenue, underscoring the importance of fintech in improving micro-enterprises' performance. The study recommends that micro-enterprises adopt fintech lending solutions to boost their operations and lays the groundwork for future research on the role of fintech in this sector, while also contributing to established theories on technology acceptance and planned behaviour.

2.2 National Level

Shubham Goswami, Raj Bahadur Sharma, and Vineet Chouhan (2022) explores the impact of financial technology (fintech) on advancing financial inclusion in rural India, focusing on how digital solutions like mobile money and digital wallets address infrastructure gaps and enable affordable financial transactions for unbanked populations. With fintech rapidly growing in developing economies, this research underscores its potential to promote entrepreneurship in underserved rural areas by overcoming spatial barriers and facilitating financial independence. The researchers employed a quantitative approach, using inferential statistics to test hypotheses, along with Exploratory Factor Analysis to identify key success factors and Structural Equation Modelling to assess fintech's role in financial inclusion. Findings reveal that social influence significantly impacts users' behavioural intentions to adopt fintech in rural settings, while ease of use correlates positively with system usability. The study highlights best practices for policymakers, investors, and financial institutions, emphasising fintech's role in enabling cost-effective, accessible banking for low-income, remote populations and supporting the mobile service industry in expanding reach to underserved communities.

Chouhan, Ali, Sharma, and Sharma (2023) Investigates the impact of financial technology (fintech) on the traditional banking industry in India, especially considering the shifts in customer behaviour that digital disruption has introduced. Given the evolving landscape of the banking sector, this research is essential to understand how fintech can enhance conventional banking by increasing service quality, accessibility, and customer engagement. The researchers conducted their analysis using a structured questionnaire completed by 300 bank customers selected through random sampling. To validate their findings, they applied regression analysis and assessed key factors such as customer satisfaction, ease of use, and promotional effectiveness to determine fintech's influence on the value propositions of banking services. The results reveal that fintech positively impacts the banking industry by enabling banks to improve their services and reach more customers through a variety of merchants and enhanced marketing strategies. Ultimately, the study underscores that the effective integration of fintech can transform customer experiences, make banking more accessible, and guide future research in addressing practical challenges within fintech adoption.

Naresh Sachdev and Kawal Nain Singh (2023) explores how micro, small, and medium-sized enterprises (MSMEs) in Punjab perceive and use fintech tools to meet their financial needs. As fintech innovations continue to grow, these tools have the potential tobridge credit gaps and reshape financial service delivery for MSMEs. This research highlights the importance of fintech in addressing financial barriers for small businesses and start-ups, particularly in emerging economies like India, where the need for such services is profound. Utilising a quantitative approach, the study gathered primary data from 400 participants through a structured questionnaire and applied statistical methods such as chi-square tests, principal component analysis, and multiple linear regression for analysis. Findings indicate that awareness among business owners about fintech as a viable financing source remains low. However, the study identifies key dimensions related to banking, MSMEs, and fintech, emphasising the potential for fintech to support MSME growth. In conclusion, this research provides valuable insights into the underexplored role of fintech in Punjab's MSME sector and underscores the need for broader adoption of fintech solutions to foster financial accessibility and innovation in the region.

Sunil Kumar's 2023 study examines the role of fintech in supporting the growth of Indian MSMEs, particularly in the context of Industrial Revolution 5.0, where the integration of finance with technology has gained importance in driving economic development. Given that the growth of the economy is closely linked to the success of MSMEs, this research aims to assess the current state of fintech and its significance for MSMEs and the broader Indian economy. Using a qualitative descriptive methodology, the paper relies on secondary data sourced from literature reviews, including working papers and research from reputable organisations. The study finds that fintech solutions can address common challenges faced by MSMEs, such as access to microfinance, payment processing, and insurance. Additionally, fintech has facilitated increased transaction volume, service penetration, and the overall value generated by MSMEs, underlining its critical role in strengthening the sector and contributing to economic progress.

Nazia Hasan, Shweta Nanda, Manoj Kumar Agarwal, and Sumit Kumar Debnath (2024) examines the role of financial literacy as a mediator in the adoption of fintech within microfinance services among urban borrowers in Uttar Pradesh, India. With fintech services increasingly available to underserved populations, the study aims to explore whether financial literacy can enhance fintech adoption among urban poor communities, potentially increasing the accessibility and effectiveness of microfinance services. Utilising a cross-sectional survey method, the researchers collected data from 231 respondents in Uttar Pradesh through a structured questionnaire, analysing the information with structural equation modelling (SEM) using AMOS 22.0. A bootstrap approach with 500 samples was employed to verify the mediating effect, with the model's R^2 determination coefficient reaching 47%. The study found that financial literacy plays a significant role in facilitating fintech adoption within microfinance, emphasising the need for literacy initiatives to optimise the impact of fintech services on the financial inclusion of low-income populations. This research contributes to the existing literature on fintech adoption and offers valuable insights for microfinance institutions aiming to expand their reach effectively.

2.3 State Level

PS Shafeer (2019) examins The Digital Financial Services (DFS) encompassing a variety of financial services accessed through digital channels, including payments, credit, savings, remittances, and insurance, utilising tools like mobile phones, ATMs, and POS terminals. With the rapid digitization of finance, it is crucial to understand DFS adoption among youth, especially as they represent the future of digital finance. This research focused on DFS usage among college students in Kerala, employing a purposive sampling method to survey undergraduate and postgraduate students through a pre-tested online questionnaire. Results indicate that most young people use mobile banking at moderate levels, with no significant differences in usage levels across the youth demographic. These findings highlight the need for tailored strategies to enhance DFS engagement among young users, contributing to the broader goal of digital financial inclusion.

Jins Varkey(2020) examines how Financial technology (Fintech) is transforming the banking and finance sector at an unprecedented pace, redefining markets and consumer interactions as technology becomes integral to financial services. Yet, marginalised communities, such as scheduled tribes in India, often lack access to these advancements due to technological and financial barriers. This research is essential to understanding financial literacy levels among scheduled tribes in Kerala, particularly considering their longstanding financial and social hardships. Using primary data from 393 tribal respondents across seven communities in the state's three most tribally populated districts, the study examines overall and category-wise financial literacy with a focus on gender differences. Findings reveal a disparity in fintech literacy within these communities, though a solid grasp of basic financial services is observed, with women generally outperforming men. This study aims to highlight areas for intervention, enhancing financial literacy and encouraging fintech adoption within Kerala's tribal populations.

V Kanimozhi and K Dayana Rose(2022) explores the Fintech companies are thriving with continuous innovations, creating new applications and expanding their role within the financial landscape. With smartphones and mobile internet technologies boosting mobile payments, fintech has become crucial in reshaping customer experiences and accessibility. This research is needed to understand the key drivers behind fintech adoption in India, focusing on customer attitudes and adoption levels. Conducted through primary data collection, the study surveyed 110 fintech users from Kerala State Co-operative Bank's regional office in Thrissur, selected via simple random sampling. The study utilised statistical tools such as percentage analysis, Chi-square, T-test, and ANOVA to examine respondent demographics, awareness, and attitudes towards fintech products. Findings reveal insights into customer awareness, attitudes, and adoption levels of various fintech products, offering guidance for enhancing user experience and promoting fintech adoption among cooperative bank customers in Kerala.

M Abdurahman (2023) investigates The digital era has transformed information and communication technologies, bringing revolutionary changes to financial services through convenient e-payment systems (EPS). Especially after events like demonetization and the COVID-19 pandemic, EPS has become essential, aiding in reducing banking costs and expanding financial services to rural, unbanked populations. However, despite these benefits, e-payment users face challenges such as fraud risks, failed transactions, and data privacy concerns, particularly among women and inexperienced users. This research is necessary to examine these issues within Kerala and understand factors affecting EPS adoption and satisfaction levels. Utilising a descriptive research design with analytical methods, the study investigates user perceptions, satisfaction, and strategies for improving EPS adoption. Findings suggest that enhancing EPS security could prevent unlawful transactions, discourage black money, and strengthen financial inclusion, ultimately benefiting the economy. It is anticipated that collaborative efforts from the Government of India, RBI, banks, and service providers will address these challenges to further secure EPS usage.

PS Aithal (2024) This study explores the impact of digital technology integration on operational efficiency and financial inclusion within India's microfinance sector, with a focus on the experiences and satisfaction of beneficiaries in Kerala. With the rapid expansion of digital financial services, microfinance institutions are increasingly leveraging technology to streamline processes and reach underserved populations. This research is needed to evaluate the extent to which these digital advancements improve service accessibility and user satisfaction, ultimately shaping a more inclusive financial environment. Employing a mixed-methods approach, the study combines quantitative techniques like Confirmatory Factor Analysis (CFA) and Structural Equation Modelling (SEM) with qualitative data from structured questionnaires. This methodology enables a comprehensive analysis of beneficiary satisfaction and provides actionable insights for enhancing service delivery. The findings aim to guide microfinance institutions in refining their digital offerings, maximising impact, and expanding financial inclusion in the region.

2.4 Summing Up

The literature on fintech underscores its vital role in promoting financial inclusion, especially for MSMEs and underserved populations across different regions. Studies show that fintech solutions, such as digital payments, lending, and mobile financial services, significantly improve financial access, boost MSME growth, and facilitate recovery in challenging times, such as during the COVID-19 pandemic. Research also reveals regional nuances, like the importance of targeted fintech support for MSMEs in Indonesia and Nigeria, where fintech enhances business performance and sales revenue. In India, studies demonstrate that fintech can bridge service gaps in rural and tribal areas, enabling more affordable and accessible financial solutions. However, several research gaps remain. For instance, low fintech adoption rates among MSMEs in certain regions and a lack of financial literacy among marginalised groups hinder the broader impact of these technologies. The limited awareness and uneven fintech adoption also point to the need for supportive policies and increasedliteracy programs to maximise fintech's potential. Our project will address these gaps by examining the specific obstacles to fintech adoption among MSMEs and marginalised communities. We aim to identify strategies for increasing fintech's accessibility and effectiveness, focusing on fostering sustainable growth and enhancing financial inclusion. By targeting these areas, our project seeks to build on existing research, offering actionable insights into how fintech can better serve and empower financially underserved communities, ultimately contributing to economic growth and resilience.

3.1 INTRODUCTION

The Fintech revolution is transforming the financial landscape, bringing innovative solutions that are reshaping how businesses, especially micro-enterprises, access and use financial services. Fintech, or financial technology, encompasses a range of digital tools and platforms, from mobile banking and digital payments to peer-to-peer lending and blockchain. For micro-enterprises—small, often resource-limited businesses—these advancements offer unprecedented opportunities to overcome traditional financial barriers, such as limited access to credit, complex banking processes, and high transaction costs.

Micro-enterprises play a crucial role in many economies, providing jobs, driving local development, and supporting economic diversity. However, they frequently struggle with financial inclusion, lacking access to the traditional banking resources that larger businesses take for granted. By leveraging Fintech, micro-enterprises can improve cash flow, access capital, and manage finances more effectively, which may enhance their capacity to grow and sustain operations.

This research explores the Fintech revolution's impact on micro-enterprises, examining how digital financial tools are reshaping their economic potential, addressing existing challenges, and creating new pathways for growth and resilience in a rapidly digitising world.

3.2 EVOLUTION

The evolution of Fintech and its impact on micro-enterprises has been a transformative journey over the past few decades. Fintech, which began with basic digital payment systems, has rapidly advanced with the advent of mobile banking, digital wallets, peer-to-peer lending, and blockchain technology. Initially, financial technology primarily served larger financialinstitutions, but as digital solutions became more accessible, they started reaching smaller businesses and underserved populations.

Early financial services for micro-enterprises were limited to traditional banking, often inaccessible due to high fees, extensive paperwork, and stringent credit requirements. The rise of the internet and mobile technology in the 2000s changed this landscape, introducing more affordable, user-friendly financial solutions that smaller businesses could adopt with relative ease. Mobile payment systems,for instance, allowed micro-entrepreneurs to transact without a formal banking infrastructure, greatly expanding financial inclusion. With the introduction of platforms like mobile banking, micro-lending, and digital credit scoring, micro-enterprises began accessing new financial tools that allowed for faster transactions, more flexible credit options, and real-time financial management. Today, Fintech continues to evolve with artificial intelligence, blockchain, and decentralised finance (DeFi), creating new opportunities for micro-enterprises to secure financing, build credit, and scale operations in ways previously unimaginable.

This evolution demonstrates Fintech's potential to bridge gaps in financial accessibility and empower micro-entrepreneurs to become key players in economic development, especially in emerging markets.

3.3 DEFINITION & MEANING

Definition:

Fintech, short for financial technology, refers to the use of advanced digital technologies to deliver financial services and solutions. Fintech encompasses innovations in areas like mobile banking, payment processing, online lending, investment management, and more, transforming traditional financial services by making them more efficient, accessible, and user-friendly.

Meaning:

In practical terms, fintech is any technology that simplifies financial transactions, improves financial operations, or introduces new ways of managing money for individuals and businesses. It blends the financial services sector with cutting-edge technology, aiming to solve problems or create opportunities within the finance industry.

3.4 VARIOUS FORMS

- **Digital Payments:** Digital payment solutions, such as mobile wallets (e.g., Google Pay, Paytm), digital payment platforms (e.g., PayPal), and UPI-based transactions, allow instant payments and fund transfers. They have simplified financial transactions for microenterprises, making it easier to accept and make payments without cash.
- **Lending Platforms:** Fintech lending platforms, like LendingClub or KreditBee, provide easier access to loans by connecting borrowers with lenders online. For

microenterprises, these platforms offer alternative financing options that are often faster and require less documentation compared to traditional banks.

- **Crowdfunding Platforms:** Platforms like Kickstarter, GoFundMe, and Kiva allow individuals or businesses to raise small amounts of money from a large number of people. This can be particularly useful for microenterprises seeking funding for specific projects without going through traditional financing channels.
- **Insurtech (Insurance Technology):** Insurtech uses digital tools to improve access to insurance services, offering policies that are more affordable and tailored to smaller businesses. Digital platforms like Policybazaar provide a range of insurance options online, often without the lengthy paperwork involved in traditional insurance.
- **Digital Banking:** Digital-only banks, also known as neobanks (e.g., N26, Monzo), operate without physical branches and offer a full range of banking services online. They provide microenterprises with easy access to account management, transaction tracking, and other banking services from a mobile or desktop app.
- **WealthTech (Investment and Wealth Management):** WealthTech platforms like Robinhood and Betterment provide tools for saving, investing, and managing assets. These platforms use algorithms to suggest investment strategies based on individual financial goals, often at lower costs than traditional investment advisors.
- **RegTech (Regulatory Technology) :** RegTech companies focus on helping businesses manage regulatory compliance efficiently through automated tools. This is important for microenterprises to ensure they are compliant with financial regulations without needing in-house compliance experts.
- **Blockchain and Cryptocurrencies:** Blockchain technology and cryptocurrencies (e.g., Bitcoin, Ethereum) offer a decentralised way to conduct transactions. While cryptocurrency is not yet widely used by microenterprises, blockchain technology is used in areas like secure payments, cross-border transactions, and supply chain transparency.
- **Embedded Finance:** This involves embedding financial services directly into non-financial products or platforms. Examples include ride-sharing apps offering driver loans, e-commerce platforms providing embedded payment options, and ERP systems with integrated banking features.

- **Personal Finance Management (PFM) Tools:** Apps like Mint and YNAB (You Need A Budget) help users track expenses, budget, and manage personal finances. For microenterprise owners, these tools can assist in better financial management and planning.
- **Digital Identity Verification:** Fintech solutions like Aadhaar-enabled payments in India or KYC services streamline identity verification processes. These solutions make onboarding easier for microenterprises, allowing them to access financial services without the extensive documentation traditionally required.

Each form of fintech has a unique impact on microenterprises, offering alternatives to traditional financial services, improving accessibility, and enabling businesses to manage finances and operations more effectively.

3.5 POPULAR FINTECH SERVICES

GPAY (GOOGLE PAY)

(Source: https://googlepay.com/)

Google Pay (GPay) was officially launched in January 2018 as a comprehensive payment platform designed to streamline and unify Google's various payment services, including Android Pay and Google Wallet. The development of GPay marked a significant shift in digital payments, aiming to simplify the transaction process for consumers and businesses alike. Its inception built upon the earlier introduction of Google Wallet in 2011, which allowed users to store their debit and credit cards, as well as loyalty cards and offers. The rebranding to Google Pay was part of a strategic move to create a single, robust ecosystem for payments that could integrate seamlessly with other Google services.

One of the key milestones in GPay's journey was its rapid expansion into international markets. Notably, it gained substantial traction in India, where it launched in

September 2017, leveraging the country's growing adoption of digital payments and the Unified Payments Interface (UPI). This early entry into the Indian market positioned Google Pay as a leader among digital payment platforms, helping to facilitate peer-to-peer transactions and empowering micro-enterprises to accept payments easily.

Over the years, GPay has continually evolved, adding features such as in-app purchases, online payment capabilities, and loyalty program integrations. Theplatform has established partnerships with numerous banks, financial institutions, and retailers, further enhancing its functionality and user base. Google Pay is now widely recognized not just for its convenience in making transactions but also for its emphasis on security, utilising advanced encryption and tokenization to protect users' financial information.

For micro-enterprises, Google Pay has proven to be an invaluable tool, enabling small business owners to manage payments efficiently without the complexities often associated with traditional banking systems. The platform's user-friendly interface and low transaction fees make it particularly appealing to entrepreneurs who operate on tight margins. As the digital payments landscape continues to evolve, Google Pay is well-positioned to maintain its role as a leading payment solution, further driving the growth of micro-enterprises and fostering greater financial inclusion worldwide.

VENMO

(Source : https://venmo.com/)

Venmo, a popular digital wallet and payment service, was founded in 2009 by Andrew Kortina and Iqram Magdon-Ismail. Initially launched as a way to facilitate person-to-person payments via mobile devices, Venmo was acquired by Braintree in 2012, which in turn was purchased by PayPal later that same year. This acquisition significantly accelerated Venmo's growth and integration into the broader financial ecosystem.

The platform allows users to easily send and receive money from friends, family, and businesses through a mobile app, making it particularly appealing to millennials and Gen Z. Users can link their Venmo accounts to their bank accounts, debit cards, or credit cards, enabling seamless transfers with just a few taps on their smartphones. One of Venmo's standout features is its social feed, where users can see transactions made by friends, complete with emojis and comments, creating a social experience around payments that resonates with younger users.

Venmo's growth has been fueled by its focus on user experience and convenience. The app's intuitive design allows users to quickly split bills, pay for shared expenses, or reimburse friends for outings, making it a go-to choice for social payments. Over time, Venmo has expanded its services to include the ability to pay merchants, making it increasingly relevant for micro-enterprises and small businesses. Merchants can integrate Venmo into their checkout processes, providing customers with a familiar and easy payment option.

In response to its growing popularity, Venmo introduced features like a Venmo card, which allows users to make purchases using their Venmo balance at any merchant that accepts Mastercard. The platform also emphasises security, using encryption and multifactor authentication to protect user data and transactions.

For micro-enterprises, Venmo offers a cost-effective payment solution with low transaction fees, allowing small businesses to accept payments without the need for traditional point-of-sale systems. The app's ease of use and social aspects help foster customer loyalty and encourage repeat business, particularly among younger consumers who prefer digital payment methods. As digital payments continue to evolve, Venmo remains a prominent player in the fintech landscape, supporting the growth of micro-enterprises and enabling a more connected and cashless society.

PAYTM

(Source: https://paytm.com/)

Paytm is considered a prominent fintech service. Launched in 2010 by Vijay Shekhar Sharma, Paytm initially started as a mobile recharge platform and has since transformed into one of India's leading digital payment and financial services companies. It offers a diverse range of services, including a mobile wallet that allows users to make payments for utilities, mobile recharges, travel bookings, and online shopping. Paytm also supports QR code payments, facilitating quick and convenient transactions, especially for small merchants. The platform has expanded its offerings to include traditional banking through Paytm Payments Bank, which provides savings accounts, digital banking, and money transfer services, along with investment options such as mutual funds and stock trading. Additionally, Paytm provides access to personal and business loans, as well as various insurance products, making it easier for consumers and businesses to obtain credit and coverage. Its integration of e-commerce features enables users to buy products directly from the app, further enhancing its service offerings. Overall, Paytm plays a significant role in promoting digital financial inclusion in India, positioning itself as a key player in the fintech ecosystem and contributing to the growth of digital payments and financial services in the region.

KIVA

(Source: https://www.kiva.org/)

Kiva is a pioneering non-profit organisation founded in 2005 that has transformed the landscape of microfinance by providing a platform for individuals to lend small amounts of money, known as microloans, to entrepreneurs and small businesses across the globe. The organisation's mission is to connect lenders with underserved borrowers, helping them to start or grow their businesses and improve their living conditions. Through Kiva, individuals can lend as little as $25 to support projects in diverse sectors such as agriculture, education, healthcare, and retail. Kiva operates on a crowdfunding model, allowing multiple lenders to contribute to a single loan request, which often helps borrowers access capital that traditional financial institutions may deny due to perceived risks. Notably, Kiva loans are typically interest-free for borrowers, making them an attractive option for those in need of funds. The organisation has established a significant international presence, partnering with local microfinance institutions and social enterprises in over 80 countries, thus promoting financial inclusion. Kiva also emphasises transparency, allowing lenders to track the impact of their contributions while fostering a sense of community between lenders and borrowers through updates and messages. Since its inception, Kiva has empowered countless entrepreneurs, particularly women and individuals in developing countries, enabling them to invest in their businesses and improve their families' quality of life, ultimately creating a cycle of giving that benefits both lenders and borrowers.

LENDING CLUB

(Source: https://www.lendingclub.com/)

LendingClub is a pioneering peer-to-peer lending platform founded in 2006 in San Francisco, California, that revolutionised the way individuals and small businesses access loans by connecting borrowers directly with individual investors. As one of the first companies to introduce the concept of peer-to-peer lending in the U.S., LendingClub offers a variety of loan products, including personal loans for debt consolidation, home improvement, and major purchases, as well as small business loans. The platform features an easy online application process, allowing borrowers to submit their financial information and receive loan offers based on their creditworthiness through a proprietary scoring system that evaluates credit history, income, and debt-to-income ratios. Investors can browse loan listings and fund multiple loans, enabling them to diversify their portfolios while earning potential returns. Since its inception, LendingClub has facilitated billions of dollars in loans, significantly impacting the personal and small business lending landscape by providing an accessible alternative to traditional banking. In 2020, LendingClub expanded its services by transitioning to a full-spectrum financial institution, offering banking products like savings accounts and credit cards, which further enhances its comprehensive financial services. Overall, LendingClub has transformed the lending experience, promoting financial inclusion and creating new opportunities for borrowers and investors alike.

QUICKBOOKS

(Source: https://quickbooks.intuit.com/in/)

QuickBooks, developed by Intuit, is a comprehensive accounting software solution designed primarily for small to medium-sized businesses, offering a wide range of features to streamline financial operations. Launched in 1983, QuickBooks has evolved significantly, providing tools for accounting and bookkeeping, including general ledger management, accounts receivable and payable, and expense tracking. The software allows users to create and send customizable invoices, accept online payments through various methods, and even process payroll, ensuring that businesses can manage their financial transactions efficiently. QuickBooks also includes robust reporting capabilities, enabling real-time financial analysis through balance sheets, income statements, and cash flow management tools.

Additionally, the software offers inventory management features to monitor stock levels and integrate with e-commerce platforms for real-time updates. The QuickBooks mobile app enhances accessibility, allowing users to manage their finances on the go by capturing receipts and tracking expenses. Furthermore, QuickBooks seamlessly integrates with over 750 third-party applications, enhancing its functionality and enabling users to connect with other business tools.

User friendly interface, coupled with a customizable dashboard, makes navigation straightforward, while built-in tutorials and customer support resources provide necessary assistance. With robust security measures to protect sensitive financial data, QuickBooks aims to simplify the accounting process, ultimately helping businesses gain valuable financial insights and supporting their growth. The software's subscription-based pricing model offers various plans to accommodate different business sizes and needs, making it a popular choice for entrepreneurs and small business owners.

GOFUNDME

(Source: https://www.gofundme.com/)

GoFundMe is a widely recognized online crowdfunding platform that was launched in 2010, designed to facilitate fundraising for personal causes, charitable projects, and community initiatives. The platform enables individuals to create personalised fundraising campaigns by sharing their stories, setting a financial goal, and showcasing their cause through photos and videos. GoFundMe is particularly noted for its user-friendly interface, which allows campaign creators to set up pages quickly and efficiently. One of its standout features is the flexibility it offers; campaign organisers can retain all funds raised, even if they do not meet their target goal, thereby encouraging contributions regardless of the amount. The platform includes robust social sharing tools that help users promote their campaigns across various social media channels, increasing visibility and the likelihood of attracting donors.

GoFundMe also prioritises security and trust, providing a "GoFundMe Guarantee" that protects donors from fraudulent campaigns and ensuring a secure donation process. Since its inception, GoFundMe has facilitated billions of dollars in donations, becoming a vital resource for individuals facing personal emergencies, medical expenses, and community challenges, as well as for supporting social movements and charitable initiatives. By empowering people to connect with supporters and mobilise resources for causes they care about, GoFundMe has transformed the landscape of fundraising, making it an essential platform for many in need of financial assistance.

3.6 FEATURES

- **Digital-First Services:** Fintech leverages digital platforms, providing services through Mobile apps, websites, and other digital channels, making banking and financial services accessible anytime and anywhere.
- **Automation and Efficiency**: Fintech automates complex tasks, such as underwriting, loan approval, and payment processing, reducing manual errors, processing times, and operational costs.
- **AI and Machine Learning:** Artificial intelligence (AI) and machine learning (ML) help fintech companies offer personalised recommendations, improve fraud detection, and enhance decision-making in lending, investments, and customer support.
- **User-Friendly Interfaces:** Fintech apps and platforms prioritise user experience with intuitive and easy-to-use interfaces, enabling even those with minimal financial knowledge to manage their finances effectively.
- **Data Analytics**: Fintech harnesses data analytics to provide valuable insights into user behaviour, improve service offerings, and help customers make informed financial decisions.
- **Personalization:** Fintech uses data to tailor services to individual users' needs, such as personalised loan offers, investment suggestions, and spending insights, improving customer satisfaction and engagement.
- **Block chain and Cryptocurrencies**: Many fintech platforms integrate block chain Technology for secure, transparent transactions and offer cryptocurrency services, enabling users to trade, invest, or use digital currencies.
- **Enhanced Security and Fraud Prevention**: Fintech leverages advanced security Technologies, like biometric verification, two-factor authentication, and real-time fraud monitoring, to protect users' financial data.
- **Interoperability:** Many fintech platforms allow seamless integration with other applications and services, such as linking a bank account with a budgeting app or integrating a point-of-sale (POS) system with accounting software.
- **Real-Time Processing:** Fintech facilitates real-time transactions and processing, enabling instant payments, fund transfers, and account updates, which enhances user convenience.

- **Lower Costs and Fees:** By reducing the need for physical infrastructure and automating processes, fintech companies often offer lower-cost services, making financial products more accessible.
- **Peer-to-Peer (P2P) Services:** Fintech enables P2P services, such as P2P lending and P2P payments, which allow users to bypass traditional financial intermediaries, enhancing accessibility and reducing fees.
- **Regulatory Compliance (RegTech)**: Fintech includes RegTech solutions, which use technology to help companies comply with regulatory requirements efficiently, ensuring a safer financial environment.
- **Transparency:** Many fintech platforms provide clear and transparent terms, fees, and transaction details, allowing customers to make informed decisions and build trust.
- **Cloud Computing:** Fintech firms leverage cloud computing for scalable storage and efficient data management, enabling faster deployment of services and improved security.

Fintech combines advanced technology with financial services to create efficient, accessible, and secure solutions, transforming how individuals and businesses manage their financial needs.

3.7 ADVANTAGES

- **Improved Access to Financial Services:** Fintech solutions provide microenterprises with easier access to banking, lending, and payment services that may have been previously unavailable or difficult to obtain.
- **Lower Costs:** Digital financial services often have lower operational costs, which can translate to reduced fees and charges for microenterprises.
- **Enhanced Financial Management:** Fintech tools offer real-time financial tracking, budgeting, and reporting capabilities, enabling better financial decision-making for small business owners.
- **Increased Efficiency:** Digital payments and automated financial processes can save time and reduce errors in financial transactions and record-keeping.
- **Expanded Customer Base:** Fintech solutions enable microenterprises to accept various forms of digital payments, potentially attracting more customers and expanding their market reach.

- **Alternative Lending Options:** Fintech platforms often provide alternative credit scoring methods, making it easier for microenterprises to access loans that they might not qualify for through traditional banking systems.
- **Improved Cash Flow Management:** With faster payment processing and real-time financial data, microenterprises can better manage their cash flow and working capital.
- **Enhanced Security:** Many fintech solutions offer advanced security features, helping to protect microenterprises from financial fraud and cybersecurity threats.
- **Financial Inclusion:** Fintech bridges the gap for unbanked or underbanked micro entrepreneurs, providing them with essential financial services and opportunities for growth.
- **Data-Driven Insights:** Fintech platforms often provide analytics and insights that can help microenterprises make informed business decisions and identify growth opportunities.

3.8 DISADVANTAGES

- **Technology Dependence:** Microenterprises become reliant on technology, which can be problematic during internet outages or system failures.
- **Learning Curve:** Adopting new fintech solutions often requires time and effort to learn, which can be challenging for small business owners with limited resources.
- **Data Security Risks:** Increased digital transactions and data storage expose microenterprises to potential cybersecurity threats and data breaches.
- **Cost of Implementation:** While fintech can reduce costs in the long run, initial setup and subscription fees for some services may be prohibitive for very small businesses.
- **Regulatory Compliance:** Fintech solutions must adhere to financial regulations, which can be complex and may change, potentially causing compliance issues for microenterprises.
- **Loss of Personal Touch:** Automation in financial services may reduce personal interactions with customers, which can be a disadvantage for businesses that rely on relationship-building.

- **Technical Glitches:** Software bugs or system errors can disrupt business operations and financial transactions.
- **Overdependence on Third-Party Providers:** Microenterprises may become overly reliant on external fintech providers, losing some control over their financial processes.
- **Privacy Concerns:** The collection and use of financial data by fintech companies may raise privacy issues for both the business and its customers.
- **Limited Customization**: Some fintech solutions may not be tailored to the specific needs of very small businesses, leading to inefficiencies or inadequate features.

3.9 FINTECH VS TRADITIONAL TRANSACTION

- **Speed:** Fintech transactions are typically faster, often occurring in real-time, while traditional transactions may take longer due to manual processing and intermediaries.
- **Accessibility:** Fintech solutions are often more accessible, available 24/7 through mobile devices and the internet. Traditional transactions may be limited by business hours and physical locations.
- **Cost:** Fintech transactions generally have lower fees due to reduced overhead and automation. Traditional transactions may involve higher costs due to manual processing and physical infrastructure.
- **User Experience:** Fintech often provides a more user-friendly interface and streamlined processes. Traditional transactions may require more paperwork and in-person interactions.
- **Security:** Both have security measures, but fintech often employs advanced encryption and authentication methods. Traditional systems rely more on physical security and established protocols.
- **Personalization:** Fintech can offer more personalised services using data analytics. Traditional systems may provide a more standardised approach to all customers.
- **Regulation:** Traditional financial institutions are typically more heavily regulated. Fintech companies may operate in regulatory grey areas, though this is changing as regulations catch up.

This comparison provides a general overview, but the specific advantages and disadvantages can vary depending on the particular fintech solution or traditional financial institution in question.

3.10 FUTURE TRENDS

Future Trends in Fintech for Microenterprises:

- **Artificial Intelligence (AI) and Machine Learning (ML):** AI and ML are increasingly being used in fintech to enhance customer service through chat bots, automate risk assessment, and improve loan underwriting for microenterprises. These technologies can help microenterprises receive personalised financial solutions and credit offerings based on their business data and transaction history.
- **Block chain and Decentralised Finance (DeFi):** Block chain technology and DeFi platforms are making financial services more accessible, transparent, and secure. For microenterprises, block chain can reduce transaction costs and enable secure, fast, and low-cost cross-border payments. DeFi could also offer alternatives to traditional financing through peer-to-peer lending and crowdfunding without intermediaries.
- **Digital Identity Solutions:** Verification through digital identity (using biometrics or unique digital IDs) can streamline on boarding and provide easier access to financial services for microenterprises. This helps improve financial inclusion, especially for businesses in rural or underserved areas where traditional identity documents might be less accessible.
- **Embedded Finance:** This involves integrating financial services directly into non-financial platforms, like e-commerce or business management software. Microenterprises could benefit from access to financing, payments, and insurance embedded within tools they already use, making fintech services more accessible and intuitive.
- **RegTech (Regulatory Technology):** With increasing regulatory requirements, RegTech solutions assist in ensuring compliance with financial regulations. This can help microenterprises manage compliance more effectively and reduce operational risks, making it easier for them to work within the formal financial system.

- **Financial Health Monitoring and Analytics Tools:** Advanced fintech solutions are providing microenterprises with real-time analytics and insights into cash flow, expenses, and growth potential. This data helps them make better financial decisions and improves their chances of sustaining growth.
- **Green and Sustainable Fintech:** With a global push towards sustainability, some fintech services are focusing on providing environmentally friendly options. Microenterprises that adopt these sustainable finance practices could benefit from lower fees, subsidies, or additional funding opportunities.
- **Internet of Things (IoT):** IoT devices can gather data to help microenterprises track and optimise their operations, providing insights that may qualify them for specific types of financing. For example, IoT data on inventory and production can demonstrate growth potential or financial needs, influencing lenders.

These trends highlight how rapidly fintech is evolving and its potential to drive significant changes in how microenterprises operate, access financing, and grow in the coming years.

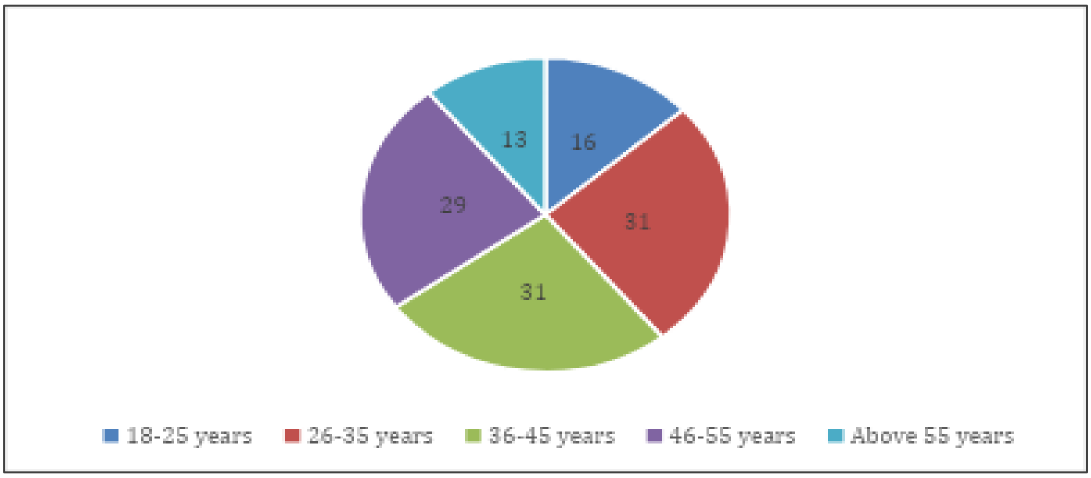
AGE OF RESPONDENTS

TABLE 4.1: AGE OF RESPONDENTS

Age	Number of Responses	Percentage
18-25 years	16	13.3
26-35 years	31	25.8
36-45 years	31	25.8
46-55 years	29	24.2
Above 55 years	13	10.8
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.1: AGE OF RESPONDENTS



(Source: Primary Data)

INTERPRETATION: Out of 120 responses, 13% of participants are above 55 years, 31% fall within the 46 to 55-year age group, another 31% belong to the 36 to 45-year category, 29% are aged between 26 and 35 years, and 16% are in the 18 to 25-year range. The majority of respondents, representing 31%, are within the 36 to 55-year age bracket, making them the most dominant group in the survey.

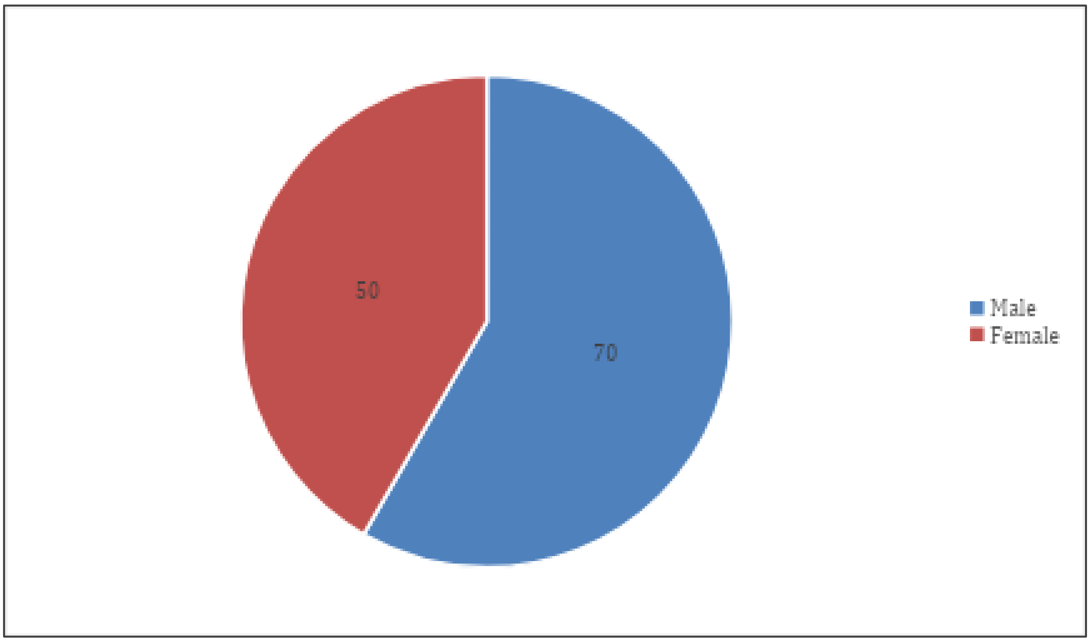
GENDER OF THE RESPONDENTS

TABLE 4.2: GENDER OF THE RESPONDENTS

Gender	Number of Responses	Percentage
Male	70	58.3
Female	50	41.7
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.2: GENDER OF THE RESPONDENTS



(Source: Primary Data)

INTERPRETATION: Out of 120 responses, the majority of entrepreneurs are male, comprising 58.3%, while females make up 41.7%.

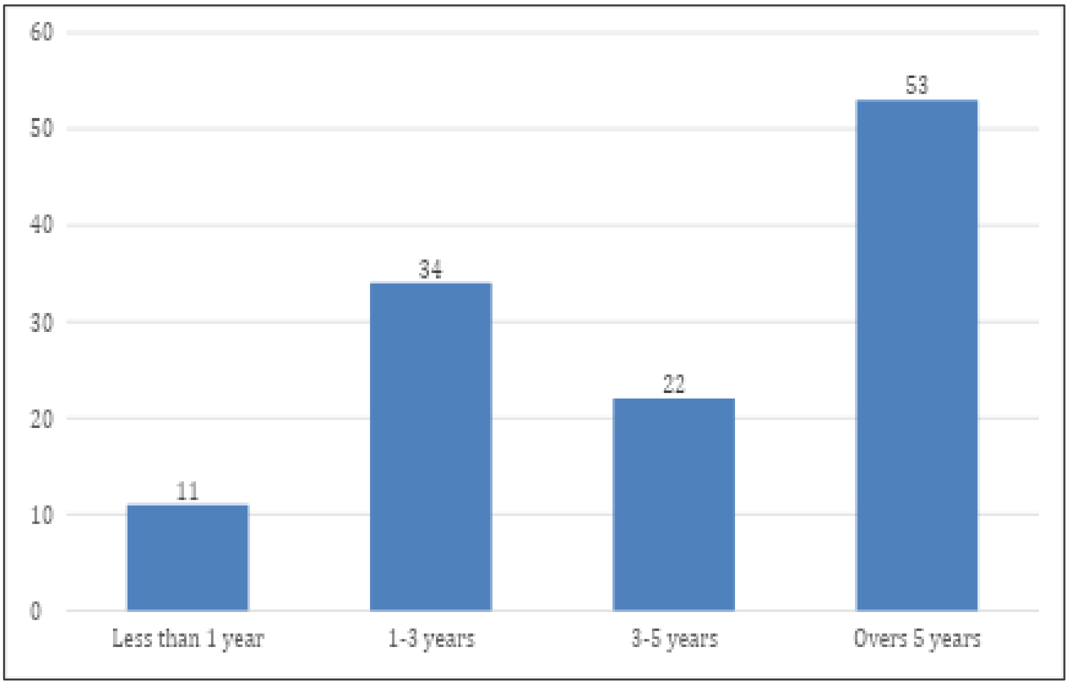
DURATION OF BUSINESS OPERATION OF RESPONDENTS

TABLE 4.3: DURATION OF BUSINESS OPERATION

Duration	Number of Responses	Percentage
Less than 1 year	11	9.2
1-3 years	34	28.3
3-5 years	22	18.3
Overs 5 years	53	44.2
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.3: DURATION OF BUSINESS OPERATION



(Source: Primary Data)

INTERPRETATION: The duration of business operation among respondents shows that 44.2% have been in business for over five years, 28.3% have been operating for 1 to 3 years, 18.3% for 3 to 5 years, and 9.2% for less than one year. The majority, with 44.2%, have been in business for over five years.

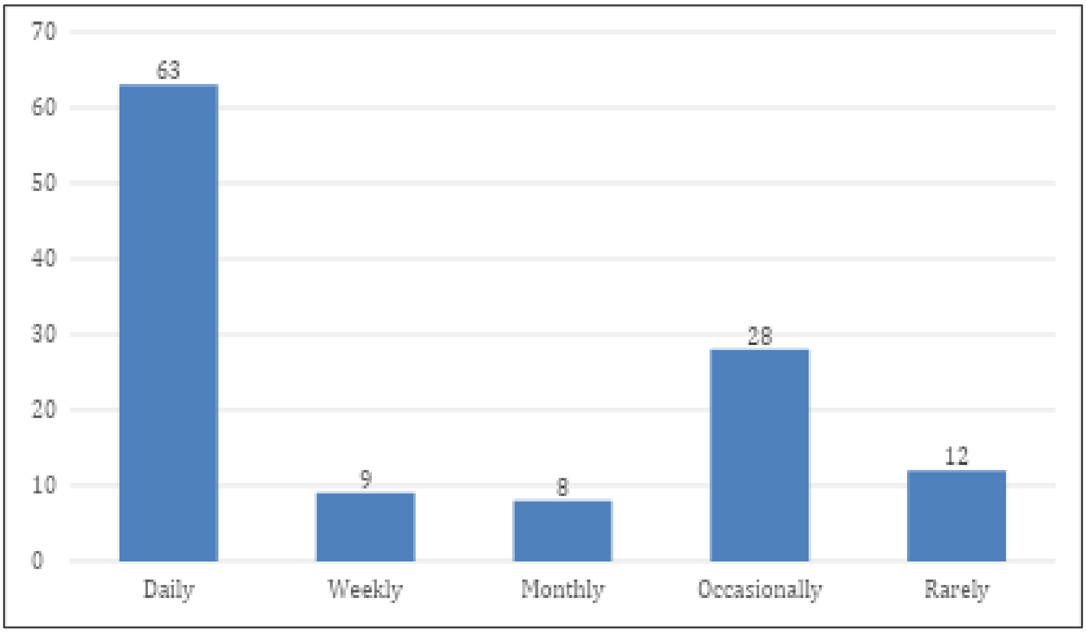
FREQUENCY OF FINTECH USAGE

TABLE 4.4: FREQUENCY OF FINTECH USAGE

Frequency	Number of Responses	Percentage
Daily	63	52.5
Weekly	9	7.5
Monthly	8	6.7
Occasionally	28	23.3
Rarely	12	10
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.4: FREQUENCY OF FINTECH USAGE



(Source: Primary Data)

INTERPRETATION: The frequency of FinTech usage shows that 52.5% of respondents use it daily, 23.3% use it occasionally, 7.5% use it weekly, and 6.7% use it monthly. Additionally, 10% use it rarely. The majority, with 52.5%, are daily users of FinTech services.

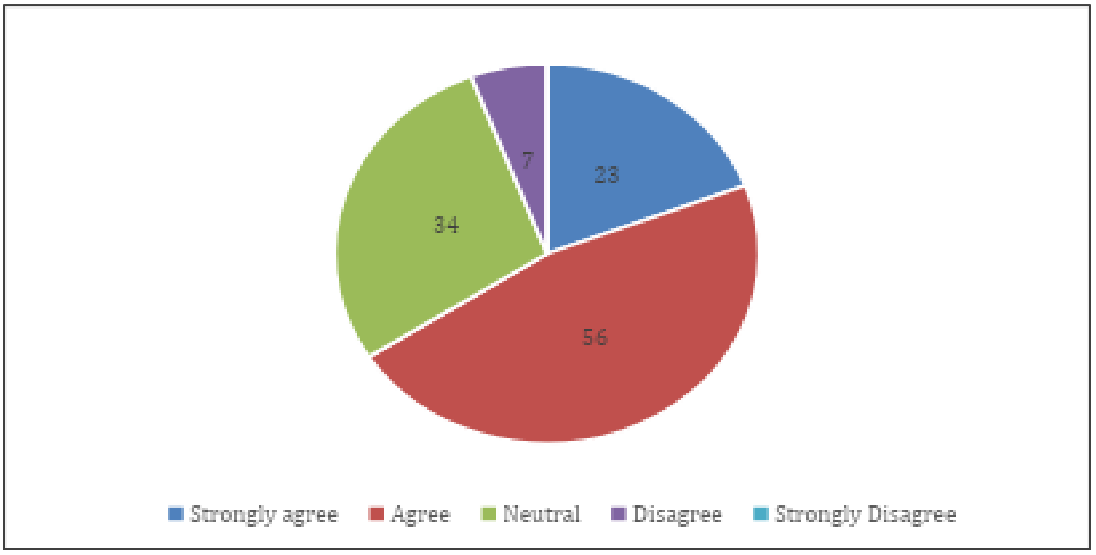
EFFECT OF FINTECH USAGE ON BUSINESS GROWTH

TABLE 4.5: EFFECT OF FINTECH USAGE ON BUSINESS GROWTH

Impact	Number of Responses	Percentage
Strongly agree	23	19.2
Agree	56	46.7
Neutral	34	28.3
Disagree	7	5.8
Strongly Disagree	0	0
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.5: EFFECT OF FINTECH USAGE ON BUSINESS GROWTH



(Source: Primary Data)

INTERPRETATION: The effect of FinTech usage on business growth shows that 46.7% of respondents agree, while 19.2% strongly agree. Additionally, 28.3% are neutral, 5.8% disagree, and no respondents strongly disagree. The majority, with 46.7%, agree that FinTech positively impacts business growth.

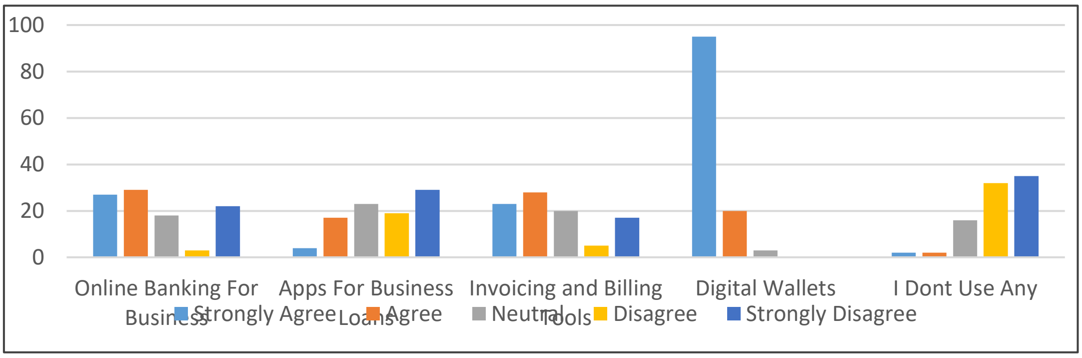
MOST FREQUENTLY USED FINTECH SERVICES

TABLE 4.6: MOST FREQUENTLY USED FINTECH SERVICES

Fintech Services	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Online Banking for Business	27	29	18	3	22
Apps for Business Loans (e.g., KreditBee, Lendingkart)	4	17	23	19	29
Invoicing and Billing Tools	23	28	20	5	17
Digital Wallets (e.g., GPay, Apple Pay, etc.)	95	20	3	0	0
I Don't Use Any of These	2	2	16	32	35
Total	**151**	**96**	**80**	**59**	**103**

(Source: Primary Data)

FIGURE 4.6: MOST FREQUENTLY USED FINTECH SERVICES



(Source: Primary Data)

INTERPRETATION: Digital wallets are the most preferred FinTech service, with 95% of respondents strongly agreeing to their usage. Online banking for business follows, with 27% strongly agreeing, while 28% favor invoicing and billing tools. However, business loan apps are the least preferred, with 29% strongly disagreeing. This highlights digital wallets as the most widely used FinTech service among businesses.

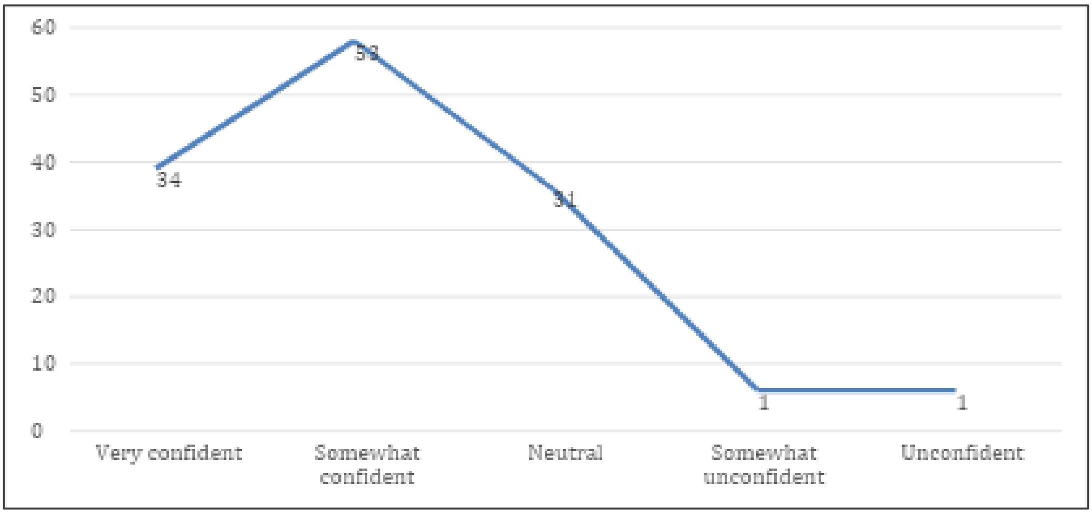
LEVEL OF CONFIDENCE WITH FINTECH SERVICES

TABLE 4.7: LEVEL OF CONFIDENCE WITH FINTECH SERVICES

Level	Number of Responses	Percentage
Very confident	34	28.4
Somewhat confident	53	44.2
Neutral	31	25.8
Somewhat unconfident	1	0.8
Unconfident	1	0.8
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.7: LEVEL OF CONFIDENCE WITH FINTECH SERVICES



(Source: Primary Data)

INTERPRETATION: Regarding the level of confidence in FinTech services, 28.4% of respondents are very confident, while 44.2% are somewhat confident. Additionally, 25.8% remain neutral, whereas a small percentage—0.8% each—are somewhat unconfident and unconfident. The majority, with a combined 72.6%, express confidence in using FinTech services, indicating overall trust in these digital financial solutions.

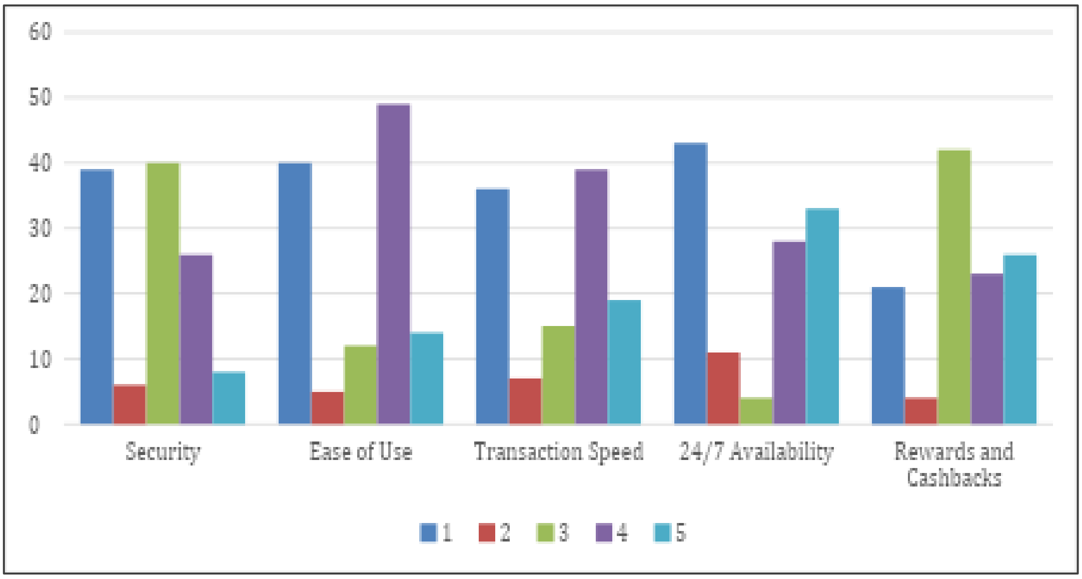
OVERALL SATISFACTION WITH FINTECH SERVICES

TABLE 4.8: OVERALL SATISFACTION WITH FINTECH SERVICES

Factors	Least satisfied	Dissatisfied	Neutral	Satisfied	Most satisfied
Security	39	6	40	26	8
Ease of use	40	5	12	49	14
Transaction speed	36	7	15	39	19
24/7 availability	43	11	4	28	33
Rewards and cashbacks	21	4	42	23	26
Total	**179**	**33**	**113**	**165**	**100**

(Source: Primary Data)

FIGURE 4.8: OVERALL SATISFACTION WITH FINTECH SERVICES



(Source: Primary Data)

INTERPRETATION: FinTech users value ease of use (49%) and transaction speed (39%), with rewards (26%) as the most satisfying feature. However, security (39%) and 24/7 availability (43%) are key pain points needing improvement.

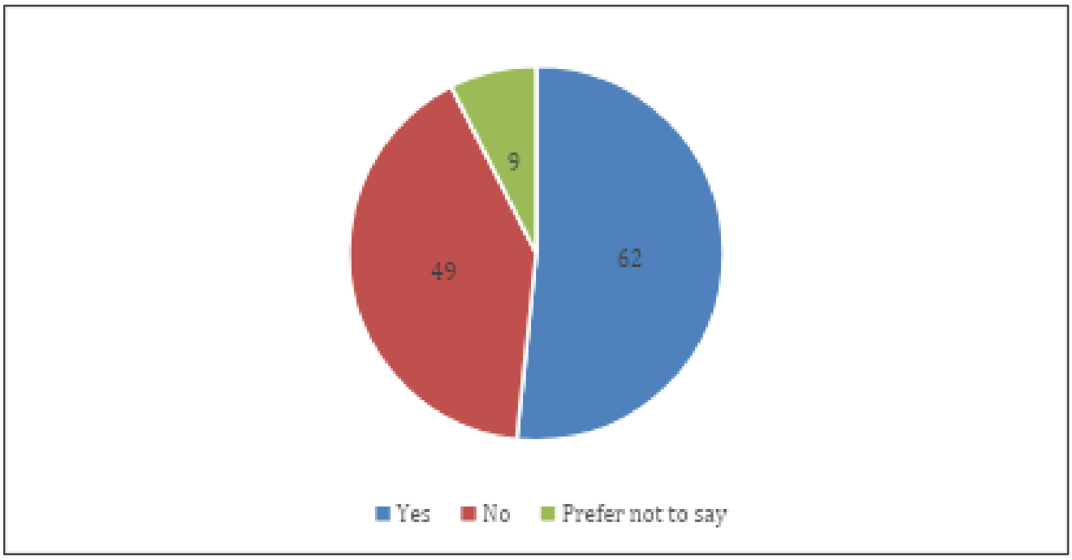
CHALLENGES ENCOUNTERED WHILE USING FINTECH SERVICES

TABLE 4.9: CHALLENGES ENCOUNTERED WHILE USING FINTECH SERVICES

Options	Number of Responses	Percentage
Yes	62	51.7
No	49	40.8
Prefer not to say	9	7.5
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.9: CHALLENGES ENCOUNTERED WHILE USING FINTECH SERVICES



(Source: Primary Data)

INTERPRETATION: Out of 120 responses, 51.7% reported encountering challenges while using fintech platforms, 40.8% stated they have not faced any challenges, and 7.5% preferred not to disclose their experience.

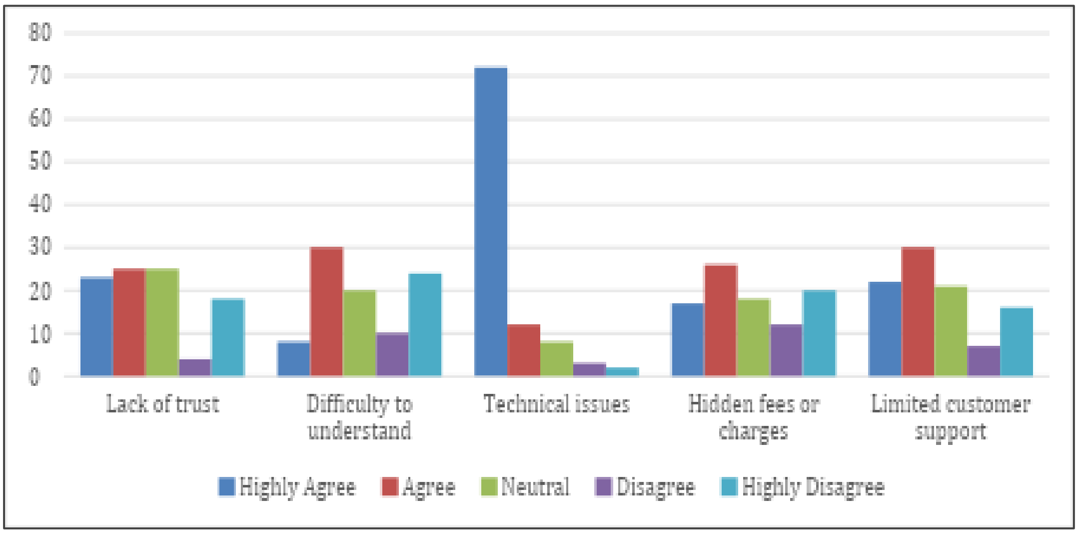
CHALLENGES FACED WHILE USING FINTECH SERVICES

TABLE4.10: CHALLENGES FACED WHILE USING FINTECH SERVICES

Challenges	Highly Agree	Agree	Neutral	Disagree	Highly Disagree
Lack of trust	23	25	25	4	18
Difficulty to understand	8	30	20	10	24
Technical issues	72	12	8	3	2
Hidden fees or charges	17	26	18	12	20
Limited customer support	22	30	21	7	16
Total	**142**	**123**	**92**	**36**	**80**

(Source: Primary Data)

FIGURE 4.10: CHALLENGES FACED WHILE USING FINTECH SERVICES



(Source: Primary Data)

INTERPRETATION: The majority of respondents face challenges with FinTech services, particularly technical issues, with 72% agreeing that this is a significant concern. Other challenges include difficulty in understanding the services, noted by 30% of respondents, and limited customer support, also marked by 30%. Lack of trust and hidden export charges are less prominent, with 25% agreeing on each. Technical issues emerge as the most common challenge faced by users.

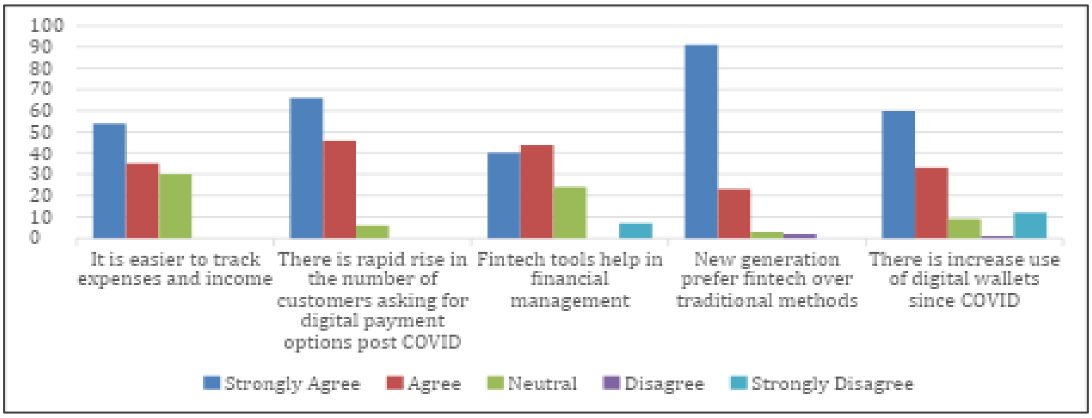
OPINION OF THE RESPONDENTS ON VARIOUS FACTORS

TABLE 4.11: OPINION OF THE RESPONDENTS ON THE VARIOUS FACTORS

Factors	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
It is easier to track expenses and income	54	35	30	0	0
There is rapid rise in the number of customers asking for digital payment options post COVID	66	46	6	0	0
Fintech tools help in financial management	40	44	24	0	7
New generation prefer fintech over traditional methods	91	23	3	2	0
There is increase use of digital wallets since COVID	60	33	9	1	12
Total	**311**	**181**	**72**	**3**	**19**

(Source: Primary Data)

FIGURE 4.11: OPINION OF THE RESPONDENTS ON THE VARIOUS FACTORS



(Source: Primary Data)

INTERPRETATION: A majority (91%) strongly agree that the new generation prefers FinTech over traditional methods. Post-COVID, 66% note a rise in demand for digital payments, and 60% see increased digital wallet usage. Additionally, 54% find tracking expenses easier, while 44% agree FinTech aids financial management.

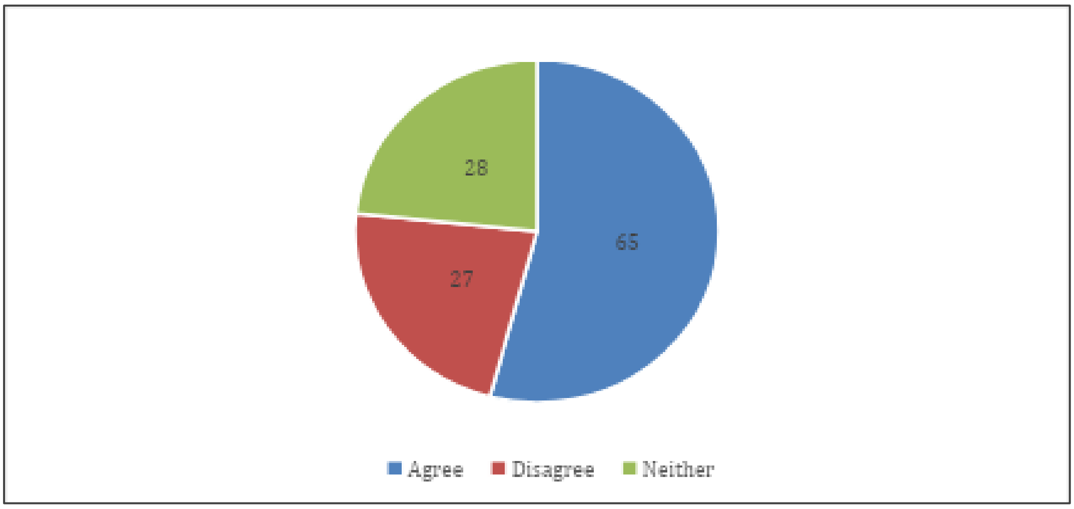
POST-COVID FINTECH ADOPTION DUE TO FINANCIAL INSTITUTION & GOVERNMENT ENCOURAGEMENT

TABLE 4.12: POST-COVID FINTECH ADOPTION DUE TO FINANCIAL INSTITUTION & GOVERNMENT ENCOURAGEMENT

Options	Number of Responses	Percentage
Agree	65	54.2
Disagree	27	22.5
Neither	28	23.3
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.12: POST-COVID FINTECH ADOPTION DUE TO FINANCIAL INSTITUTION & GOVERNMENT ENCOURAGEMENT



(Source: Primary Data)

INTERPRETATION: Out of 120 responses, 54.2% agreed that they started using fintech services post-COVID due to encouragement from financial institutions or the government, while 22.5% disagreed, and the remaining respondents neither agree nor disagree. The majority of respondents agree that post-COVID FinTech adoption has been driven by encouragement from financial institutions and the government.

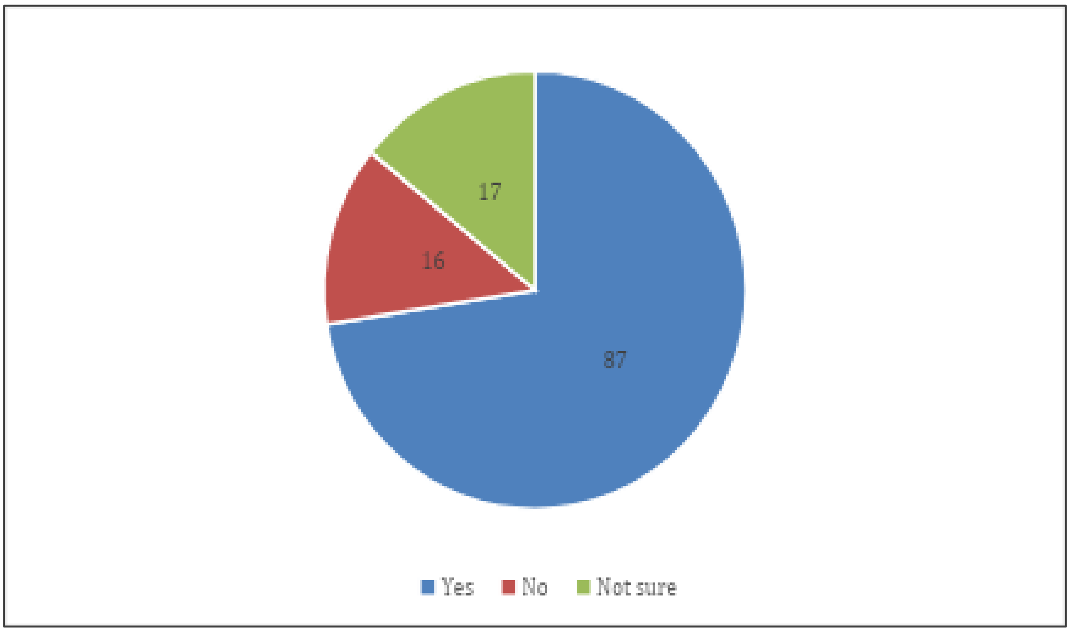
RELIABILITY ON FINTECH SERVICES COMPARED TO TRADITIONAL SERVICES

TABLE 4.13: RELIABILITY ON FINTECH SERVICES COMPARED TO TRADITIONAL SERVICES

Options	Number of Responses	Percentage
Reliable	87	72.5
Not Reliable	16	13.3
Not sure	17	14.2
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.13: RELIABILITY ON FINTECH SERVICES COMPARED TO TRADITIONAL SERVICES



(Source: Primary Data)

INTERPRETATION: The reliability of FinTech services compared to traditional services, 87% of respondents believe FinTech is more reliable, while 16% disagree, and 17% are unsure. The majority, with 87%, express confidence in the reliability of FinTech services.

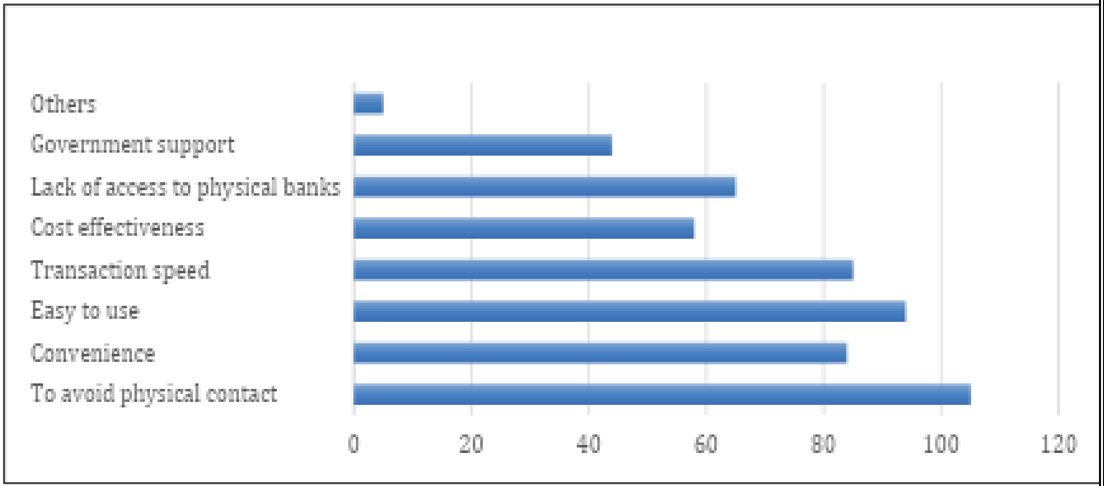
REASONS FOR USING FINTECH SOLUTIONS DURING COVID-19

TABLE 4.14: REASONS FOR USING FINTECH SOLUTIONS DURING COVID-19

Reasons	Number of Responses	Percentage
To avoid physical contact	105	19.5
Convenience	84	15.6
Easy to use	94	17.4
Transaction speed	85	15.7
Cost effectiveness	58	10.7
Lack of access to physical banks	65	12
Government support	44	8.1
Others	5	1
Total	**540**	**100**

(Source: Primary Data)

FIGURE 4.14: REASONS FOR USING FINTECH SOLUTIONS DURING COVID-19



(Source: Primary Data)

INTERPRETATION: The main reasons for using FinTech solutions during COVID-19 include avoiding physical contact (19.5%), ease of use (17.4%), and transaction speed (15.7%). Convenience follows closely at 15.6%, while lack of access to physical banks is cited by 12%, and cost of fitness is mentioned by 10.7%. The most common reason remains avoiding physical contact.

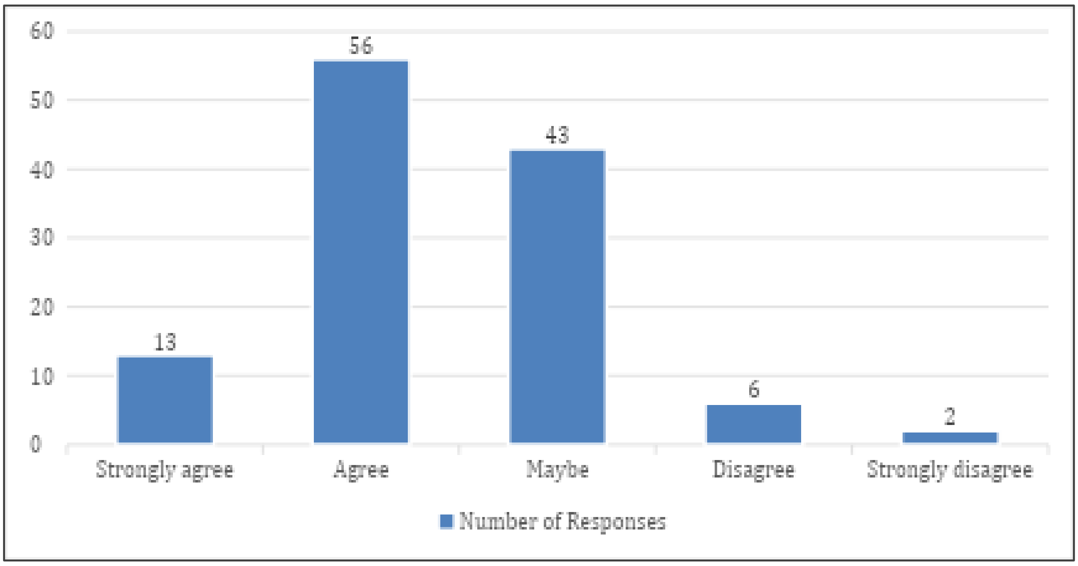
EFFECT OF FINTECH ON BUSINESS COMPETITIVENESS

TABLE 4.15: EFFECT OF FINTECH ON BUSINESS COMPETITIVENESS

Opinion	Number of Responses	Percentage
Strongly agree	13	10.8
Agree	56	46.7
Maybe	43	35.8
Disagree	6	5
Strongly disagree	2	1.7
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.15: EFFECT OF FINTECH ON BUSINESS COMPETITIVENESS



(Source: Primary Data)

INTERPRETATION: The effect of FinTech on business competitiveness in the market shows that 10.8% strongly agree, 46.7% agree, and 35.8% are unsure. Meanwhile, 5% disagree, and 1.7% strongly disagree. The majority, with 57.5%, either agree or strongly agree that FinTech enhances business competitiveness.

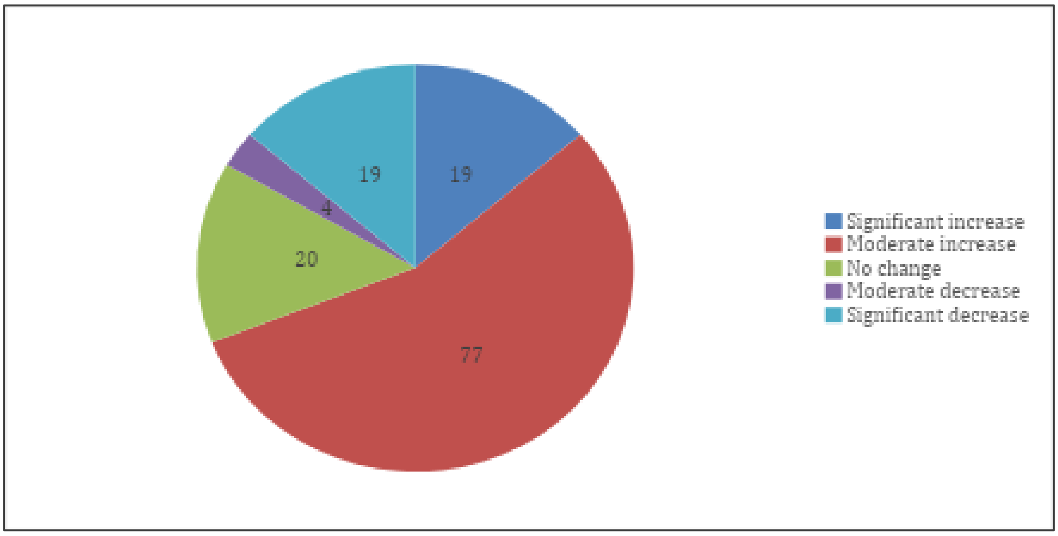
EFFECT OF FINTECH TOOLS ON OVERALL REVENUE GROWTH

TABLE 4.16: EFFECT OF FINTECH TOOLS ON OVERALL REVENUE GROWTH

Impact	Number of Responses	Percentage
Significant increase	19	15.8
Moderate increase	77	64.2
No change	20	16.7
Moderate decrease	4	3.3
Significant decrease	19	0
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.16: EFFECT OF FINTECH TOOLS ON OVERALL REVENUE GROWTH



(Source: Primary Data)

INTERPRETATION: FinTech tools have led to a moderate revenue increase for 64.2% of respondents, while 15.8% see a significant rise. Meanwhile, 16.7% notice no change, and 3.3% report a moderate decline. Notably, no one reports a significant revenue decrease.

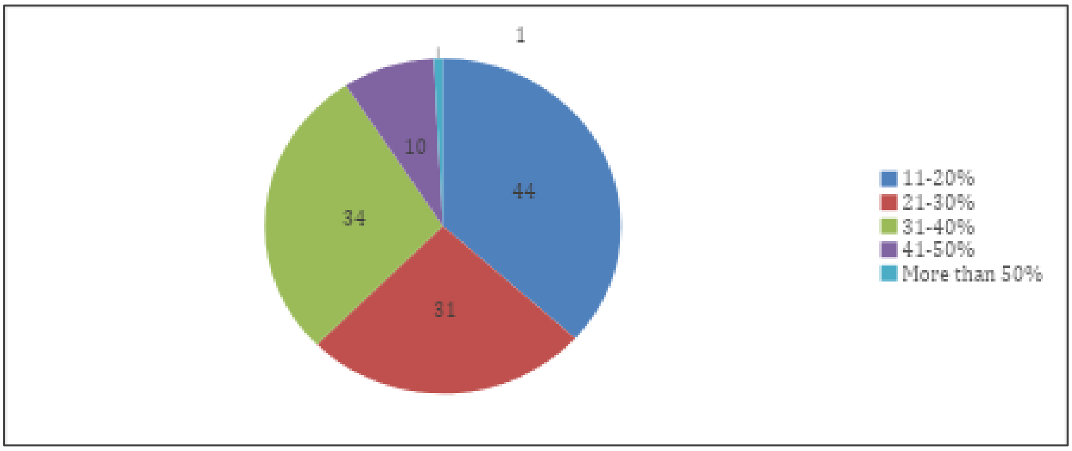
GROWTH IN REVENUE DUE TO THE USAGE OF FINTECH TOOLS

TABLE 4.17: GROWTH IN REVENUE DUE TO THE USAGE OF FINTECH TOOLS

Percentage Increase	Number of Responses	Percentage
11-20	44	36.7
21-30	31	25.8
31-40	34	28.3
41-50	10	8.3
More than	1	0.9
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.17: GROWTH IN REVENUE DUE TO THE USAGE OF FINTECH TOOLS



(Source: Primary Data)

INTERPRETATION: The approximate percentage increase in revenue due to FinTech tools shows that 36.7% of respondents experience an 11 to 20% increase, 28.3% see a 31 to 40% increase, and 25.8% report a 21 to 30% increase. Additionally, 8.3% experience a 41 to 50% increase, while 0.9% see a revenue boost of more than 50%. The majority, with 36.7%, experience an 11 to 20% increase in revenue.

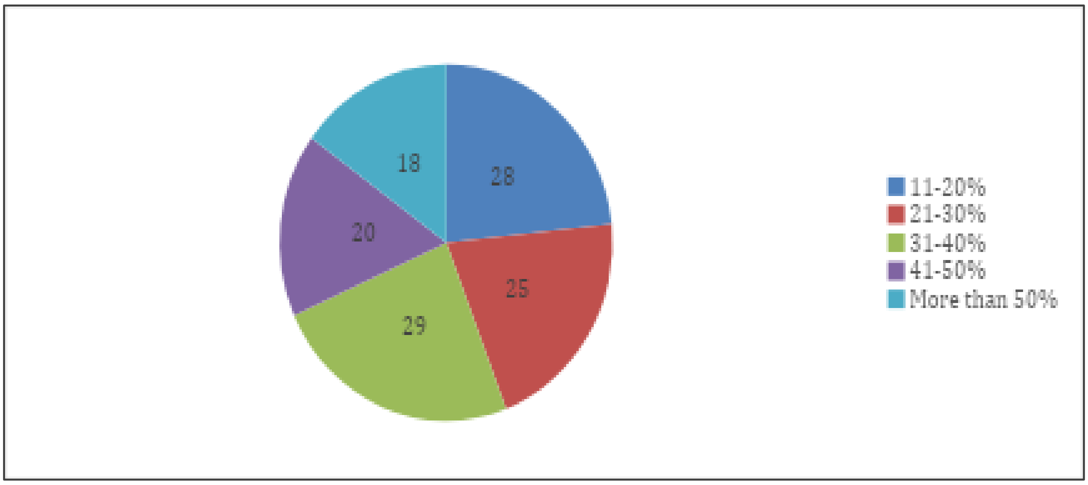
TOTAL SALES EARNED THROUGH FINTECH PLATFORMS

TABLE 4.18: TOTAL SALES EARNED THROUGH FINTECH PLATFORMS

Sales Percentage	Number of Responses	Percentage
11-20	28	23.3
21-30	25	20.8
31-40	29	24.2
41-50	20	16.7
More than 50%	18	15
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.18: TOTAL SALES EARNED THROUGH FINTECH PLATFORMS



(Source: Primary Data)

INTERPRETATION: The percentage of total sales conducted through FinTech platforms shows that 28% of respondents report 21 to 30% of their sales through these platforms, while 24.2% report 31 to 40%. Additionally, 23.3% have 11 to 20% of their sales through FinTech platforms, 16.7% have 41 to 50%, and 15% report more than 50% of their sales through FinTech. The majority, with 28%, conduct 21 to 30% of their sales through these platforms.

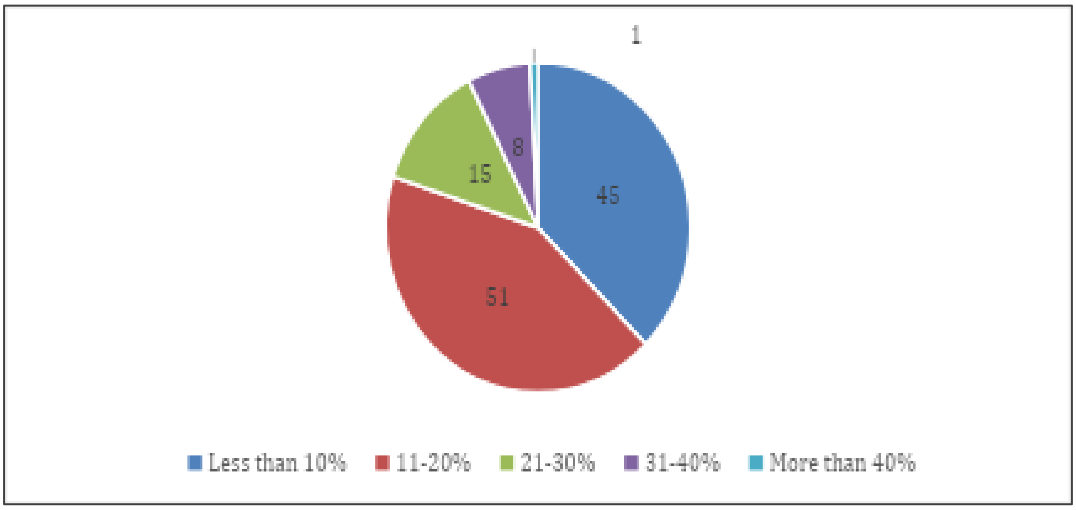
REDUCTION IN TRANSACTION COSTS DUE TO FINTECH

TABLE 4.19: REDUCTION IN TRANSACTION COSTS DUE TO FINTECH

Cost Percentage	Number of Responses	Percentage
Less than 10	45	37.5
10-20	51	42.5
21-30	15	12.5
31-40	8	6.7
More than 40	1	0.8
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.19: REDUCTION IN TRANSACTION COSTS DUE TO FINTECH



(Source: Primary Data)

INTERPRETATION: The percentage reduction in transaction costs due to FinTech shows that 42.5% of respondents experience a reduction of 10-20%, while 37.5% see a reduction of less than 10%. Additionally, 12.5% experience a 21-30% reduction, 6.7% see a 31-40% reduction, and 0.8% report a reduction of more than 40%. The majority, with 42.5%, experience a 10-20% reduction in transaction costs.

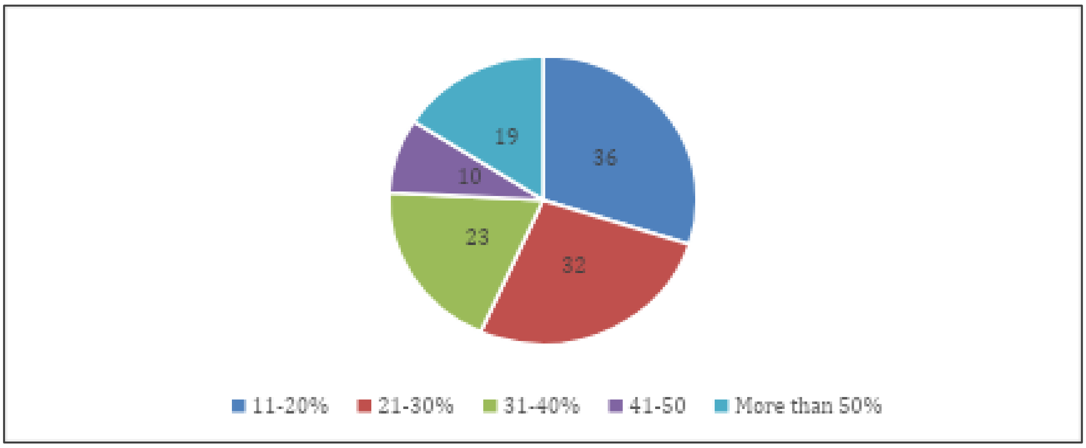
INCREASE IN CUSTOMERS DUE TO FINTECH SERVICES

TABLE 4.20: INCREASE IN CUSTOMERS DUE TO FINTECH SERVICES

Percentage Increase	Number of Responses	Percentage
10-20	36	30
21-30	32	26.7
31-40	23	19.2
41-50	10	8.3
More than 50%	19	15.8
Total	**120**	**100**

(Source: Primary Data)

FIGURE 4.20: INCREASE IN CUSTOMERS DUE TO FINTECH SERVICES



(Source: Primary Data)

INTERPRETATION: The percentage increase in customers due to FinTech services shows that 30% of respondents experience a 10 to 20% increase, while 26.7% see a 21 to 30% increase. Additionally, 19.2% report a 31 to 40% increase, 15.8% experience an increase of more than 50%, and 8.3% report a 41 to 50% increase. The majority, with 30%, experience a 10 to 20% increase in customers due to FinTech services.

5.1FINDINGS

- Most respondents 31% are aged 36 to 55, followed by 26 to 35, 18 to 25 and above 55 groups have lower representation.
- Most of the entrepreneurs are male, making up 58.3% of the total, while females represent a smaller share.
- FinTech services are mainly used daily, with some using them occasionally or rarely. While it largely benefits business growth, some remain neutral or disagree. Many respondents have over five years of business experience, while others vary.
- Digital wallets are the most preferred FinTech service, followed by online banking and invoicing tools, while business loan apps are least favored. Ease of use and rewards are highly valued, while security and 24/7 availability need improvement.
- Confidence in FinTech is strong, with most expressing trust, though some remain neutral or skeptical. While over half have faced challenges, many report no issues.
- Technical issues are the most common challenge, followed by difficulties in understanding services and limited customer support. Trust issues and hidden charges are less significant concerns.
- The new generation prefers fintech, with digital payments rising post-COVID. Many use it for tracking expenses and managing finances. Financial institutions and government initiatives have driven adoption, though some remain uncertain or disagree.
- Majority of the respondents find FinTech more reliable than traditional services, though some remain doubtful. During COVID-19, avoiding physical contact was the top reason for adoption, followed by ease of use, speed, convenience, limited bank access, and cost factors.
- FinTech is widely seen as enhancing business competitiveness, though some remain unsure or disagree. Most respondents report a moderate revenue increase, with many seeing an 11–20% rise, while a few experience growth beyond 50%.
- A significant portion of sales (21–30%) occurs through FinTech platforms, with some businesses relying on them for half of their sales. Most respondents report a 10–20% reduction in transaction costs and customer growth, while some see savings and growth exceeding 50%.

5.2 RECOMMENDATION

This project aims to address key challenges and opportunities within the FinTech ecosystem, specifically targeting entrepreneurs and small businesses. The following recommendations are designed to enhance the effectiveness and accessibility of FinTech services, promoting inclusivity, user engagement, and sustainability. By focusing on areas such as digital literacy, customer support, security, and platform usability, this initiative seeks to empower businesses—particularly women entrepreneurs and small to medium-sized enterprises (SMEs)—to leverage FinTech tools more effectively. Additionally, it aims to foster greater collaboration between the public and private sectors to create a more supportive environment for FinTech adoption, ultimately driving growth and financial inclusion.

- Conduct training programs to help entrepreneurs understand and use FinTech services more effectively, especially for those facing technical difficulties.
- Strengthen customer service by providing 24/7 assistance, multilingual support, and simplified guidance for first-time users.
- Address security concerns by promoting awareness about fraud prevention, implementing stronger authentication methods, and ensuring transparent data protection policies.
- The majority of entrepreneurs using FinTech are male, targeted awareness campaigns and training programs can help increase female participation.
- Increase transparency in fee structures and transaction costs to build more trust among users.
- Strengthen public-private partnerships to offer incentives, subsidies, or tax benefits for businesses adopting FinTech services.
- Improve user interfaces and mobile application experiences to make FinTech tools more intuitive, especially for older entrepreneurs.
- Since ease of use and rewards are highly appreciated, expanding reward programs and simplifying platforms can attract more users..
- Since businesses experience revenue growth with FinTech, encouraging more SMEs to adopt these services can further boost financial inclusion and competitiveness.

5.3 CONCLUSION

This study explored the effect of fintech on micro enterprises, focusing on the rise of fintech post-COVID, the demographic factors influencing its adoption, and its role in mobile money and business growth. The findings reveal that fintech adoption has significantly increased due to the pandemic, with mobile money providing vital financial services to micro enterprises. Demographic factors like age, financial literacy, and trust play a key role in determining fintech usage.The rise in fintech post-COVID can be attributed to the increasing demand for contactless, digital financial services as businesses and consumers shifted towards online platforms during the pandemic. This surge was further propelled by the growing adoption of smartphones and internet connectivity, making fintech services more accessible.

The analysis of mobile money usage reveals its profound impact on microenterprise growth, offering small businesses easy access to payment systems, microloans, and other financial services that were previously difficult to obtain. Mobile money has not only increased operational efficiency but also enhanced financial inclusion, helping micro enterprises thrive in competitive markets. Ultimately, the effect of fintech on micro enterprises is overwhelmingly positive, driving innovation and growth in a sector that plays a critical role in global economies. Yet, addressing the challenges related to trust and security. However, challenges such as data privacy concerns, limited financial literacy, and technological barriers persist. To overcome these, solutions such as enhancing security, improving financial education, and expanding digital infrastructure are essential.

In conclusion, while fintech has a transformative effect on micro enterprises by providing access to crucial financial services, addressing these challenges will be necessary for its full potential to be realized, ensuring long-term growth and sustainability in the sector.

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QUESTIONNAIRE

1. Age:

    18-25 years ☐
    26-35 years ☐
    36-45 years ☐
    46-55 years ☐
    Above 55 years ☐

2. Gender:

    Male ☐
    Female ☐
    Prefer not to say ☐

3. How long has your business been operational?

    Less than 1 year ☐
    1-3 years ☐
    3-5 years ☐
    Overs 5 years ☐

4. How often do you use fintech services:

    Daily ☐
    Monthly ☐
    Weekly ☐
    Occasionally ☐
    Rarely ☐

5. Usage of fintech has influenced the business growth. State your opinion.

   Strongly agree ☐
   Agree ☐
   Neutral ☐
   Disagree ☐
   Strongly Disagree ☐

6. Which of the following fintech services do you use most frequently?

   Online banking for business ☐
   Apps for business loans (eg: KreditBee, Lendingkart) ☐
   Invoicing and billing tools ☐
   Digital wallets (eg: Gpay, Apple pay, etc). ☐
   I don't use any of these. ☐

7. Specify our level of confidence in the security of your personal and financial information while using fintech services?

   Very confident ☐
   Somewhat confident ☐
   Neutral ☐
   Somewhat unconfident ☐
   Unconfident ☐

8. On a scale of 1 to 5 (5 being the highest) how satisfied are you overall with the fintech services you use?

   Security ☐
   Ease of use ☐
   Transaction speed ☐
   24/7 availability ☐
   Rewards and cashback ☐

9. Have you encountered any challenges while using fintech services?

No ☐

Yes ☐

Prefer not to say ☐

10. If yes what are the challenges you faced while using fintech services?

Lack of trust ☐

Difficulty to understand ☐

Technical issues ☐

Hidden fees or charges ☐

Limited customer support ☐

11. Give your opinion on the following factors.

It is easier to track expenses and income. ☐

There is rapid rise in the number of customers asking for digital payment Options post COVID-19. ☐

Fintech tools help in financial management. ☐

New generation prefer fintech over traditional methods. ☐

There is increase use of digital wallets since COVID. ☐

12. Have you started using fintech services post covid due to encouragement from financial institutions or Government.

Agree ☐

Disagree ☐

Neither ☐

13. Did you find fintech services more reliable than traditional financial services during the pandemic?

Yes ☐
No ☐
Not sure ☐

14. What were the main reasons for using fintech solutions during the COVID 19?

To avoid physical contact ☐
Convenience ☐
Easy to use ☐
Transaction speed ☐
Cost effectiveness ☐
Lack of access to physical banking ☐
Government support ☐
Other: ☐

15. Fintech tools has made your business more competitive in the market. State your opinion.

Strongly agree ☐
Agree ☐
Maybe ☐
Disagree ☐
Strongly disagree ☐

16. Has your overall revenue increased since you started using fintech tools?

Yes, significantly increased ☐
Yes, moderate increased ☐
No change ☐
No, moderately decreased ☐
No, significantly decreased ☐

17. If revenue has increased, by approximately what % ?

- 11-20% ☐
- 21-30% ☐
- 31-40% ☐
- 41-50% ☐
- More than 50% ☐

18. What % of your total sales is conducted through fintech platforms? (eg: online payments, mobile apps, etc.)

- 11-20% ☐
- 21-30% ☐
- 31-40% ☐
- 41-50% ☐
- More than 50% ☐

19. By what % have fintech services reduced transaction cost?

- Less than 10% ☐
- 10-20% ☐
- 21-30% ☐
- 30-40% ☐
- More than 40% ☐

20. Have fintech services helped you attract new customers? If yes by what%?

- 10-20% ☐
- 21-30% ☐
- 31-40% ☐
- 41-50% ☐
- More than 50% ☐