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David Babafemi Ilori, Morounke Adesheye Ilori



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 David Babafemi Ilori^{1*},  Morounke Adesheye Ilori²

¹Department of Entrepreneurship,
¹School of Logistics and Innovation Technology
The Federal University of Technology, Akure, Nigeria
²Zenith Bank Plc, Alagbaka Akure



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Abstract

Purpose: The purpose of this study was to determine the effect of financial inclusion on the turnaround time of MSMEs in Southwest Nigeria. The theoretical foundation for the study was guided by Technology Acceptance Model (TAM). This is due to the integral relationship between financial inclusion and technological adoption in any economy.

Materials and Methods: The study employed survey research design. Using structured questionnaires and multistage sampling technique, data were collected from MSMEs and Deposit Money Banks and analysed with descriptive statistics and Partial Least Square-Structural Equation Modeling (PLS-SEM) used for inferential analysis.

Findings: Descriptive findings revealed that financial inclusion significantly improves the speed of service delivery to customers. Empirical findings revealed that financial inclusion positively and significantly impacts MSMEs' turnaround time ($\beta = 0.512$, $t = 14.023$, $P < 0.000$), a proxy for internal business process. The study found that usage of financial services had the greatest impact on turnaround time, followed by service quality. In conclusion,

financial inclusion was found to improve service delivery speed, reduce customer waiting time, and enhance operational efficiency.

Unique Contribution to Theory, Practice and Policy: Based on the findings from the study, TAM was found to be highly relevant in shaping strategies aimed at enhancing financial inclusion for MSMEs with attendant implications on their performance. In practice, the study is of important implications for MSMEs in Nigeria, as it helps enterprises understand the relationship between financial inclusion and turnaround time, highlighting its role in improving the speed of service delivery to customers. The study recommends the development of policies by governments and financial institutions that will boost MSMEs' access to efficient digital payment platforms in order to enhance smooth and efficient business transactions. Policy makers should mainstream the adoption of automated and diverse payment systems by MSMEs into financial inclusion policies through trainings and workshops.

Keywords: *Financial Inclusion; Internal Process; Turnaround Time; Service Delivery Speed; Waiting Time*

Introduction

Financial inclusion has garnered significant attention from policymakers, scholars, and various stakeholders, highlighting the awareness of its role in promoting both economic and social development. This increased focus underscores the critical impact that access to financial services can have on enhancing the economic relevance of Micro, Small and Medium Enterprises (MSMEs), alleviating extreme poverty, fostering shared prosperity, and advancing inclusive and sustainable development (Kim, 2022; Ahmad et al., 2020; Qamruzzaman & Wei, 2019). In Nigeria, MSMEs account for 96.9% of all active businesses and 6.21% of exports. They contribute over 84% to the nation's total workforce and have made up to 46.3% of the country's GDP (SMEDAN, 2024). However, despite these potential benefits, Nigeria, like other African countries continues to lag behind other regions in terms of financial inclusion, with only 55% of adults having accounts with formal financial institutions in 2021; a level substantially lower than the global average (Demircuc-Kunt et al., 2022).

A study by Enhancing Financial Innovation and Access (EFInA) found that about 37% of adults in Nigeria are financially excluded, a figure notably higher than South Africa's 7% (EFInA, 2018). Although financial inclusion in Nigeria is gradually increasing, the rate of progress has been considered too slow to achieve National Financial Inclusion Strategy goals (EFInA, 2018). In a related study, the EFInA Access to Finance Survey report indicated a notable increase in formal financial inclusion in Nigeria, rising from 56% in 2020 to 64% in 2023 (EFInA, 2023). The findings also showed a decline in the proportion of financially excluded Nigerians, from 32% in 2020 to 26%, reflecting meaningful progress towards achieving the goals of the Nigeria Financial Inclusion Strategy (EFInA, 2024). However, in a bid to enhance access to financial services for MSMEs in Nigeria, digital services are increasingly proving to be the most effective option. Around 60% of adults with digital accounts actively engage with digital financial services (EFInA, 2018).

As a major driver of financial inclusion, tools such as mobile banking, internet banking, and Automated Teller Machines (ATMs) offer users a gateway to formal financial services (Avom, Bangake & Ndoya, 2023). Financial inclusion refers to the broadening of access to formal financial services for all adults in society. This includes access to bank accounts, credit facilities, and savings through banks, with the aim of making financial services readily available to individuals who are typically underserved (Johnpaul & Patience, 2021; Kinyua & Omagwa, 2020; Ojwang & Otinga, 2019). Financial inclusion, therefore, enables previously excluded MSMEs to access funding, improve their performance, and foster growth.

The role of financial inclusion in improving firm performance has been widely emphasised while several streams of studies on the effect of financial inclusion and MSMEs performance are well documented in the literature. These include the nexus between financial inclusion and profitability (Isaac & Muazu, 2018; Helen, 2019); financial inclusion and economic growth (Bertram, Nwankwo & Onwuka, 2016; Abdulrahman & Olofin, 2017); financial inclusion and financial stability (Moeti & Sin-Yu, 2024); financial inclusion and sales growth (Oke, Soetan, & Ayedun, 2023; Ibosiola & Dada, 2024), and financial inclusion and customer satisfaction (Riauli, 2020), among others. However, empirical studies on financial inclusion and turnaround time in MSMEs remain a rarity in the literature. Web services firms however, consider turnaround time- the speed of delivering of services as a quality of the performance factor. This factor is often defined as response time (Maheswari & Karpagam, 2018).

Considering the above context, this study is driven by two key compelling factors. First, to the best of our knowledge, aside the study by Akinyele, Ngumi, and Muturi (2016) there is no existing research focusing on the effect of financial inclusion on turnaround time of MSMEs,

particularly in Nigeria, and more specifically in the Southwest region. It is worth noting that the Akinyele, Ngumi, and Muturi (2016) study focused on how the adoption of financial innovation affects turnaround time in the banking sector, and not on financial inclusion and turnaround time of MSMEs as contemplated in this study. Thus, the study intends to fill this noticeable gap in the literature. Second, this research seeks to contribute to the growing scholarly discourse on financial inclusion and its effect on MSMEs' performance. Against the background, this study seeks to examine how financial inclusion impacts the turnaround time -defined as the speed of service delivery of MSMEs.

Following this introduction, the rest of the paper is organized as follows: Section two provides a review of the relevant literature while section three outlines the research methodology, Section four presents the results and findings, and section five concludes with policy recommendations.

Statement of the Problem

Despite the emphasis on the importance of financial inclusion, there is a scarcity of literature on this topic in Nigeria. While most existing studies in Nigeria have primarily linked financial inclusion to economic growth, poverty levels and financial performance (Abdulrahman & Olofin, 2017; Ugwuoke, Oliver & Freeman, 2023; Omoile & Adekunle, 2025), studies which link financial inclusion to turnaround time remains a rarity.

To the best of our knowledge, except for the study by Akinyele, Ngumi, and Muturi (2016), there is a dearth of research examining the impact of financial inclusion on the turnaround time of MSMEs, particularly in Nigeria and more specifically in the Southwest region. Notably, Akinyele, Ngumi, and Muturi (2016) concentrated on the effect of financial innovation adoption on turnaround time in the banking sector, rather than on the relationship between financial inclusion and MSMEs' turnaround time as addressed in this study.

While financial inclusion provides the liquidity and access to financial services needed by MSMEs to unlock growth and improve operational performance, turnaround time represents the internal business process of the balanced score card perspective. Thus, the absence of empirical studies on how financial inclusion drives turnaround time of MSMEs leaves a gap in understanding the relevance of balanced scorecard approach in enterprises' performance and competitive advantage. Thus, the study intends to fill this noticeable gap in the literature.

THEORETICAL REVIEW

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM), introduced by Davis in 1989, is among the most influential frameworks for understanding technology adoption. It highlights two key determinants of a person's intention to use new technology: perceived ease of use and perceived usefulness. Researchers have widely applied TAM to study the acceptance of emerging electronic technologies and services (Davis, 1989; Davis & Venkatesh, 1996). As one of the most extensively used models in the field, TAM has been instrumental in analyzing how users embrace and utilize innovative technologies (Davis, 1989; Davis, Bagozzi, & Warshaw, 1989).

Thus, the Technology Acceptance Model (TAM) provides a strong theoretical foundation for advancing financial inclusion among Micro, Small, and Medium Enterprises (MSMEs). This is due to the integral relationship between financial inclusion and technological adoption in any economy. Tools such as Automated Teller Machines (ATMs) and mobile payment systems represent key information technology (IT) channels that facilitate various financial

transactions. As a result, TAM serves as a framework for understanding how individuals adopt and use new technologies (Davis, 1989). This makes it highly relevant in shaping strategies aimed at enhancing financial inclusion for MSMEs in Nigeria which has implications on their performance. To this end, it is important for MSMEs to ensure that the gains of financial inclusion significantly benefit customers by enhancing value, particularly, in terms of reduced costs, faster service delivery, and time efficiency.

Resource-Based View (RBV)

The Resource-Based View (RBV) that originated from Penrose (1959), suggests that firms achieve competitive advantage through how they organize and utilize their resources in ways that give them competitive advantage. RBV theory was popularised by Wernerfelt in 1984 and Barney in 1991. The concept is highlighted on resource and internal competence. It emphasizes the utilization of enterprises internal resources to achieve sustainable competitive advantage (Nesta & Astuti, 2023).

According to the World Bank (2023a), MSMEs account for about 90% of businesses, providing most employment and significantly contributing to GDP in emerging economies. However, they are bedevilled by a number of developmental challenges. To address these challenges, MSMEs can leverage innovation and technological capabilities in line with the Resource-Based View (RBV). This theory argues that digital financial tools are “resources” that creates a “technological capability” (speed/turnaround time) which leads to a competitive advantage. RBV remains a foundational framework for understanding how MSMEs leverage on digital financial tools as resources to enhance their speed of services delivery to gain a competitive advantage.

In this light, the relevance of RBV theory to this study is premised on the fact that digital financial tools such as ATM, POS, mobile banking, among others can be viewed as internal resources that have the prosperity to enhance MSMEs technological capabilities and consequently, their turnaround time (speed of service delivery) which ultimately leads to improved performance and competitive advantage.

Empirical Review

Empirical studies on turnaround time and related studies in MSMEs are quite scanty in the literature. Web services firms however, consider the speed of delivering of services as a quality of the performance factor. These factors are defined as response time and throughput (Maheswari & Karpagam, 2018). Towards improving service delivery and internal operation, Akinyele, Ngumi, and Muturi (2016) carried out a study on financial innovation adoption and turnaround time in Nigeria. The study's results indicated that technological advancements have improved the efficiency of banks by lowering transaction costs and speeding up service delivery. Additionally, the findings revealed that, concerning turnaround time, automated teller machines (ATMs) are the most favoured, followed by point of sale (POS) systems and mobile banking (MB) services. Oke, et al (2023) examined the effect of financial inclusion on the performance of MSMEs in Southwest, Nigeria. Findings revealed that financial inclusion positively and significantly drives performance and sales growth in the study area.

In a similar vein, Oyedokun and Amoo (2023) examined the relationship between financial inclusion and SMEs performance in Ibadan, Oyo State. Their findings indicated that the performance of the sampled SMEs improved significantly as a result of financial inclusion, particularly through the dimensions of access, usage, and service quality. Nwabufu and Uchechukwu (2024) conducted a study on the impact of financial inclusion on the growth and development of SMEs in Lagos State, Nigeria. The results show that financial inclusion

significantly promotes SMEs growth in Lagos State, with SMEs also showing strong adoption of technologies like mobile banking and cybersecurity. Eton Mwosi, Okello-Obura, Turyhebwa, and Uwonda (2021) examined the impact of financial inclusion on the growth of SMEs in Uganda using a cross-sectional research, correlation and regression analyses. Their findings indicated that financial inclusion exerted a significant positive effect on the growth of SMEs.

MATERIALS AND METHODS

The study employed a survey research design and utilized structured questionnaires for data collection. The target population included Micro, Small, and Medium Enterprises (MSMEs) and Deposit Money Banks (DMBs) across four selected states in Southwest Nigeria. A multistage sampling approach was adopted. First, purposive sampling was used to select Lagos, Ogun, Ondo, and Oyo states. Second, the capitals of these states and three additional towns (one from each senatorial district) were also purposively selected. In the third stage, the Head of Retail Operations from each branch of 10 DMBs was equally purposively selected. Finally, stratified sampling was applied to select both MSMEs and DMBs, resulting in sample sizes of 666 and 498 respectively. This was determined using Cochran's (1977) formula for the determination of sample size.

Two types of structured questionnaires were administered. The study followed a descriptive and quantitative research approach. Data analysis involved descriptive statistics such as mean ranking and relative importance index. Furthermore, Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed for estimation, a method increasingly becoming popular in social sciences, information systems, and business research (Hair et al., 2017). The analysis was carried out using SmartPLS 2.0 M3 software, which enabled the testing of hypothesis.

Model Specification

This is structured in order to determine the influence of financial inclusion on the performance of MSMEs:

$$\text{PERF} = f(\text{ACC}, \text{USG}, \text{QLT}) \dots\dots\dots (3.1)$$

Where;

ACC = Access to financial services

USG = Usage of financial services

QLT = Quality of financial services

PERF = Performance = Turn Around Time- TT (Internal Business Process)

Econometrically;

$$\text{PERFPTT}_i = \alpha_0 + \alpha_1 \text{ACC}_i + \alpha_2 \text{USG}_i + \alpha_3 \text{QLT}_i + \alpha_4 \text{AGE}_i + \alpha_5 \text{EDU}_i + \alpha_6 \text{SEX}_i + \varepsilon_i \dots\dots\dots (3.2)$$

Where;

ε_i = Error term

RESULTS/FINDINGS

Factors Determining the Financial Inclusion of Micro, Small, and Medium Enterprises

The study used access to financial services, usage of financial services, and quality of financial services provided by the Deposit Money Banks (DMBs) to assess factors determining financial inclusion of MSMEs. This section, therefore, provides information on the determinants of financial inclusion of MSMEs.

As presented in Table 1, MSMEs access to quality services (bZaces10) and uninterrupted customer service from the DMBs department (bZaces11) were ranked as first and second in importance respectively. Furthermore, frequency of usage of MSMEs bank account; and use of current accounts by the MSMEs were ranked third and fourth in order of importance respectively. This indicates that MSMEs with current accounts made use of them very satisfactorily. Also, Table 1 reveals the results of construct relative important index (CRII). It is evident from the results that access to financial services came first, followed by the quality of service required, and lastly, the frequency of usage. These findings are reasonable, as MSMEs can only assess the quality of financial services once they have access to them, and their level of satisfaction with such services ultimately influences how frequently they are used.

Table 1: Global Ranking of Determinants of Financial Inclusion

Code	Description	RII	L R	G R	C T	C WT	CRI I
	Frequency of Usage of Financial Services				27	110	0.80
		0.9			50	38	33
bfser1	Frequency of the usage of bank account	06	1	3			
bfser2	Frequency of use of mobile banking services for payments to suppliers	07	4	17			
bfser3	Frequency of use of mobile banking services to receive payments from customer	07	2	14			
bfser4	Enterprise's frequency of use ATM cards for transactions	07	3	15			
bfser5	Enterprise's frequency of POS use for transactions	61	5	18			
	Quality of Service Received				16	687	0.83
bqser		0.8			50	9	42
1	The quality of service received from branches of bank	66	1	5			
2	The quality of services received from bank's ATM	25	2	12			
3	The quality of services received from bank's POS	11	3	13			
	Access to Financial Services				43	181	0.84
bZace					01	33	31
s1	MSMEs have seamless access to savings account	0.7	1	19			
s2	MSMEs have seamless access to current account	0.7	1				
s3	MSMEs have seamless access to fixed deposits account	8	0	16			
s4	MSMEs have seamless access to Loans from DMBs	0.8	45	9	11		
		0.8					
		47	8	10			

Code	Description	RII	L R	G R	C T	C WT	CRI I
bZace		0.8					
s5	MSMEs readily use DMBs' savings accounts	62	4	6			
bZace		0.8					
s6	MSMEs readily use DMBs' current accounts	7	3	4			
bZace		0.8					
s7	MSMEs readily use DMBs' deposit accounts	5	6	8			
bZace		0.8					
s8	MSMEs readily apply for loans from DMBs	52	5	7			
bZace		0.8					
s9	DMBs readily approve Loans for MSMEs	48	7	9			
bZace		0.9					
s10	MSMEs have access to quality services	14	1	1			
bZace	MSMEs have access to 24/7 supportive Customer	0.9					
s11	Service Department	09	2	2			

Source: Field Survey, 2025

Note: LR-Local Rank; GR-Global Rank; CT-Construct Total; CWT-Construct Weighted Total; CRII-Construct Relative Importance Index; ^{1,2,3}the position or rank of the constructs.

Descriptive Analysis of Financial Inclusion and Performance (Turnaround Time) of MSMEs

The performance indicator was measured by turnaround time of MSMEs. The descriptive statistics of financial inclusion and turnaround time of MSMEs are presented in Table 2 and Table 3. The results show that the distribution is skewed to the agreement side with the peak at the dttime1 (access to banking services helps us acquire the necessary resource material that fast-track the delivery of services to our customers) with a mean score of 4.098; meaning that respondents generally agree that the financial inclusion of MSMEs have influence on the speed of services delivery to customers. This is followed by dttime7 (usage of various modes of payment to our suppliers reduce the time between order and delivery of supplies to us) with a mean score of 3.922 and then, dttime3 (access of my business to the banking halls has significantly improve business turnaround time) with a mean score of 3.900. As shown in Table 3, the local ranking recorded dttime1 has the highest mean (4.098) followed by dttime7 and thereafter, dttime3 while dttime4 is ranked 9th with an average of 3.709. The average mean score for the distribution is 3.857, meaning that the respondents generally agree that financial inclusion strategies of DMBs have effect on the turnaround time of MSMEs. This finding agree with the study of Akinyele, Patrick, and Willy (2016) which found that financial innovation adoption has improved the efficiency of banks by lowering transaction costs and speeding up service delivery.

Table 2: Frequency Distribution of Financial Inclusion and Turnaround Time of MSMEs

Item	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly Agree	Total	Mean	STD
							3.857	1.195
dttime1	53	33	36	113	315	550	4.098	1.319
dttime2	30	57	57	241	165	550	3.825	1.132
dttime3	32	46	79	181	212	550	3.900	1.175
dttime4	27	62	86	244	131	550	3.709	1.098
dttime5	40	45	89	175	201	550	3.822	1.217
dttime6	32	67	85	175	191	550	3.775	1.210
dttime7	32	50	74	167	227	550	3.922	1.196
dttime8	39	41	78	233	159	550	3.785	1.150
dttime9	34	53	79	163	221	550	3.880	1.215

Source: Field Survey, 2025

Mean: 1.00-1.80 = Strongly Disagree; 1.81-2.60 = Disagree; 2.61- 3.40 = Neutral = 3.41-4.20 = Agree; 4.21-5.00 = Strongly Disagree.

Table 3: Ranking of MSMEs Performance Indicators

Code	Description	Local Rank	Global Rank
	MSMEs Turnaround Time		2nd
dttime1	Access to banking services helps us to acquire the necessary resources materials that fast-track the delivery of services to our customers.	1	3
dttime2	Usage of banking services helps us to acquire the necessary resources that fast-track delivery of services to our customers	5	19
dttime3	Access of my business to the banking halls has significantly improve the turnaround time	3	10
dttime4	Access of my business to automated services significantly improved turnaround time.	9	33
dttime5	Automated services enhance the number of customers attended to per day	6	20
dttime6	Availability of various modes of payment to our suppliers reduce the time between order and delivery of supplies to us.	8	26
dttime7	Usage of various modes of payment to our suppliers reduce the time between order and delivery of supplies to us.	2	8
dttime8	Availability of various modes of payment reduces the time between order and delivery to our own customers.	7	25
dttime9	Usage of various modes of payment reduces the time between order and delivery to our own customers.	4	15

Source: Field Survey, 2025

Formative Measurement and Structural Models for Financial Inclusion and Turnaround Time

The antecedent variables, financial inclusion exogenous constructs were categorized into three viz: quality of service (3 items); frequency of usage (5 items); access to financial services (11 items). However, access to financial services was factorized into four sub-constructs viz: bZACES_01; bZACES_02; bZACES_03; bZACES_04. The endogenous construct, MSMEs performance (turnaround time) had 9 items. The construct was formatively modelled, so it requires measurement assessment of VIF (to determine the collinearity), and the significance and relevance of indicators (Hair *et al.*, 2017).

Foremost, we examined the VIF of indicators on their respective constructs and the results are as shown in Table 4. The results show that VIFs are between the values of 2.283 and 2.950 (availability of various modes of payment to our suppliers reduce the time between order and delivery of supplies to us-dttime6; and availability of various modes of payment reduces the time between order and delivery to our own customers- dttime8). This shows that the highest recorded value of VIF is not up to the threshold value of 5, thus suggesting that collinearity is not an issue with the lower-level measurement, which is the indicator of quality assessment (Hair *et al.*, 2017). The study further examined the indicators' significance and relevance to their respective constructs in Table 5.

The results from Table 5 show the indicators that contributed relatively and absolutely. The Table shows the resultant indicators after the consideration of the significance and relevance of the items. Obviously, the formative constructs have no issue relating to significance and relevance of their indicators.

Thereafter, Table 6 shows the quality assessment of the indicators in the second stage of the analysis which include the use of the latent scores of the constructs in the model to form both financial inclusion latent exogenous variable and MSMEs performance construct (turnaround time) as endogenous, respectively.

At the second stage, the study initially examined the variable scores forming the financial inclusion and those responsible for the formation of MSMEs performance. For the financial inclusion which was sub-grouped into four: access to loans and savings account" (bZACES_01); "use of deposit account and application for loans" (bZACES_02); "quality of services" (bZACES_03); and "access to account type" (bZACES_04). It has both bZACES_01 and bZACES_03 not relevant to the MSMEs turnaround time as they were not significant (Table 6) and therefore removed from the model.

Table 4: Outer VIF for Financial Inclusion and Turnaround time

Item	Item	Outer VIF
bZaces2	dttime1	2.844
bZaces4	dttime2	2.629
bZaces5	dttime3	2.485
bZaces7r	dttime5	2.374
bZaces8	dttime6	2.283
bfser1	dttime7	2.343
bfser2	dttime8	2.950
bfser3	dttime9	2.551

Source: Field Survey, 2025

Table 5: First Stage Significance and Relevance of Formative Indicators

Path	Weights	T Statistics (O/STDEV)	P Values	Loadings	P Values	Decision
bZaces1 -> bZACES_04 Access to Fin Services	0.132	0.363	0.716	0.6	0.020	AI
bZaces10r -> bZACES_03 Access to Fin Services	0.977	1.334	0.182	0.6	0.399	AI
bZaces11 -> bZACES_03 Access to Fin Services	0.914	1.812	0.070	0.5	0.322	AI
bZaces2 -> bZACES_04 Access to Fin Services	0.927	3.593	0.000	1.0	0.000	RI
bZaces4 -> bZACES_01 Access to Fin Services	0.815	1.295	0.195	0.9	0.054	AI
bZaces5 -> bZACES_01 Access to Fin Services	0.360	0.542	0.588	0.6	0.219	AI
bZaces7r -> bZACES_02 Access to Fin Services	0.730	1.878	0.060	0.5	0.297	AI
bZaces8 -> bZACES_02 Access to Fin Services	0.925	2.700	0.007	0.7	0.073	RI
bfser1 -> BFSEF Frequency of Usage	0.491	4.863	0.000	0.8	0.000	RI
bfser2 -> BFSEF Frequency of Usage	0.008	0.061	0.951	0.6	0.000	AI
bfser3 -> BFSEF Frequency of Usage	0.412	3.506	0.000	0.8	0.000	RI
bfser4 -> BFSEF Frequency of Usage	0.083	0.905	0.366	0.5	0.000	AI
bfser5 -> BFSEF Frequency of Usage	0.371	3.409	0.001	0.7	0.000	RI
bqser1 -> BQSER Quality of Service	0.683	5.693	0.000	0.9	0.000	RI
bqser2 -> BQSER Quality of Service	0.037	0.309	0.757	0.6	0.000	AI
bqser3 -> BQSER Quality of Service	0.479	3.923	0.000	0.8	0.000	RI
dttime1 -> dttime Turnaround Time	0.347	2.015	0.044	0.8	0.000	RI
dttime2 -> dttime Turnaround Time	0.051	0.384	0.701	0.7	0.000	AI
dttime3 -> dttime Turnaround Time	0.155	1.306	0.192	0.8	0.000	AI
dttime5 -> dttime Turnaround Time	0.245	2.104	0.036	0.8	0.000	RI
dttime6 -> dttime Turnaround Time	-0.343	2.643	0.008	0.4	0.000	RI
dttime7 -> dttime Turnaround Time	0.256	2.208	0.027	0.8	0.000	RI
dttime8 -> dttime Turnaround Time	0.118	0.721	0.471	0.7	0.000	AI
dttime9 -> dttime Turnaround Time	0.271	1.960	0.050	0.8	0.000	RI

Note: AI = Absolutely Important; RI = Relatively Important; RoT= Rule of Thumb

Source: Field Survey, 2025

Table 6: Second Stage Significance and Relevance of Formative Indicators

Path	Weights	T Statistics (O/STDEV)	P Values	Loadings	P Values	VIF	Decision
BFSERUsage -> BFI Fin Inclusion	0.685	9.475	0.000	0.919	0.000	1.549	RI
BQSER -> BFI Fin Inclusion	0.380	4.403	0.000	0.777	0.000	1.547	Ri
bZACES_01 -> BFI Fin Inclusion	-0.009	0.158	0.875	0.065	0.369	1.069	Del
bZACES_02 -> BFI Fin Inclusion	0.077	1.258	0.209	0.147	0.034	1.093	RoT
bZACES_03 -> BFI Fin Inclusion	0.042	0.813	0.416	0.016	0.819	1.006	Del
bZACES_04 -> BFI Fin Inclusion	0.242	3.698	0.000	0.266	0.000	1.089	RI
dttime -> MSMEs PERFORMANCE	0.230	2.006	0.045	0.870	0.000	2.956	RI

Note: AI = Absolutely Important; RI = Relatively Important; RoT= Rule of Thumb

Source: Field Survey, 2025

Path Analysis of Financial Inclusion on MSMEs Turnaround Time

Figures 1, 2 and Table 7 present the results of path analysis for FI constructs on MSMEs turnaround time. First, we have the frequency of usage ($\beta = 0.394$, $t=7.445$) and quality of service ($\beta = 0.180$, $t=3.029$). This shows that frequency of usage of financial services and quality of service provided by financial institutions influence MSMEs turnaround time by about 39% and 18% respectively. However, the study recorded that variables of access to financial services were not significant predictors of turnaround time. This suggests that among the variables of FI (usage, access and quality of service), usage contributes most significantly to MSMEs turnaround time, a measure of performance, with the highest path coefficient (Beta), ($\beta=0.394$) while quality of service assumes a distant second position with the path coefficient (Beta), ($\beta=0.180$). The implication thereof is that the usage of automated services and various modes of transacting business through financial inclusion strategies will all things being equal reduce the time between order and delivery, consequently, enhance the speed of MSMEs delivery of services to customers which arguably is a performance factor. Thus, there is the need to focus on these variables for MSMEs financial inclusion to have any meaningful impact on their performance. It follows therefore that while the availability and quality of such automated services are indubitable, the usage of the existing platforms by MSMEs is *sin qua non* to their financial inclusiveness as well as performance. In general, the findings reveal that financial inclusion, including the utilization of financial innovations by MSMEs, has the potential to positively influence the speed of service delivery (internal process), reduce operational expenses of enterprises and customers' waiting time. Related study on positive relationship between financial innovation and turnaround can be found in (Ndlovu & Siyavora, 2014; Akinyele, Patrick, & Willy, 2016).

Furthermore, the results include the coefficient of determination (R^2), which measures the overall effect size and variance explained in the endogenous construct (dependent variable) by the exogenous constructs (independent variables) for the structural model (Hussain et al., 2018). Table 7 indicates that the adjusted R^2 value is 0.277. This suggests that the independent variables can account for 28% of the variation in the dependent variable, which can be

considered substantial according to Cohen (1992) as cited in Tehseen et al. (2019). Cohen's thresholds define R^2 values of 0.26, 0.13, and 0.02 as substantial, moderate, and weak, respectively. Similarly, effect sizes of 0.02, 0.15, and 0.35 are classified as weak, moderate, and strong based on Cohen's (1992) criteria.

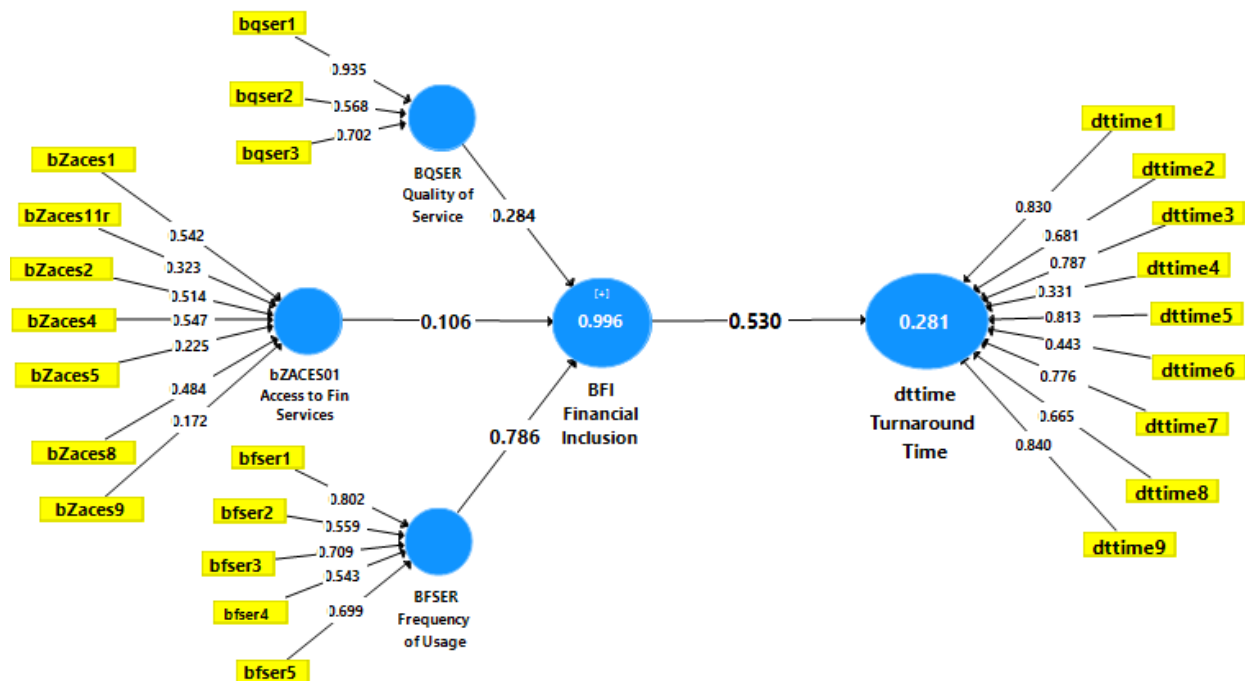


Figure 1: Algorithm for FI and Turnaround Time

Source: Field Survey, 2025

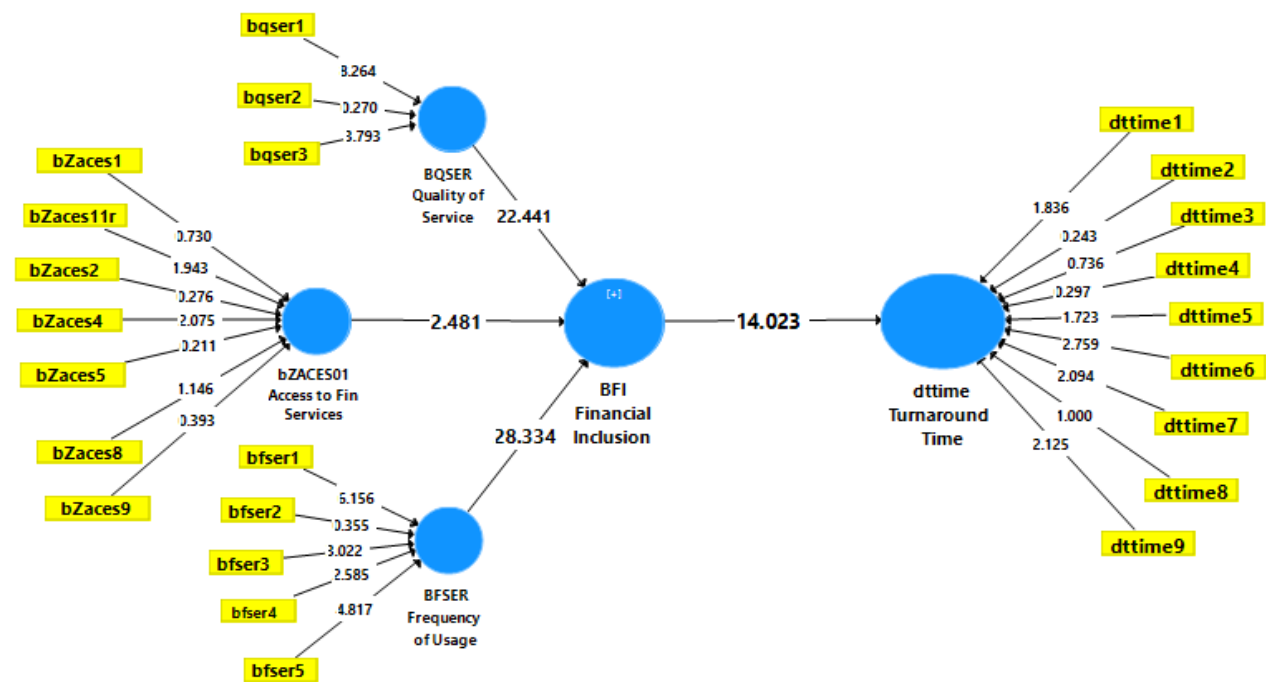


Figure 2: Bootstrapping for FI and Turnaround Time

Source: Field Survey, 2025

Table 7: Path Analyses for Sub-Constructs of Financial Inclusion and MSMEs Turnaround Time

Path	Beta	T Statistics (O/STDEV)	P Values	VIF	f square
BFSE Frequency of Usage -> dttime Turnaround Time	0.394	7.445	0.000	1.549	0.140
BQSER Quality of Service -> dttime Turnaround Time	0.180	3.029	0.002	1.547	0.029
bZACES_01 Access to Fin Services -> dttime Turnaround Time	-0.028	0.488	0.626	1.069	0.001
bZACES_02 Access to Fin Services -> dttime Turnaround Time	0.065	1.488	0.137	1.093	0.005
bZACES_03 Access to Fin Services -> dttime Turnaround Time	-0.010	0.251	0.801	1.006	0.000
bZACES_04 Access to Fin Services -> dttime Turnaround Time	0.071	1.614	0.107	1.089	0.006
R Square	0.285				
R Square Adjusted	0.277				

Source: Field Survey, 2025

Implications to Research and Practice

The implication of this study to academic research is considerable. It adds to the existing literature by broadening the discussion around financial inclusion within the study area. The study has important practical implications for MSMEs in Nigeria, as it helps enterprises understand the relationship between financial inclusion and turnaround time, highlighting its role in improving the speed of service delivery to customers. Specifically, it provides insights into the key financial inclusion variables influencing MSMEs turnaround time while at the same time highlighting existing gaps in the literature and pointing out critical areas that require further consideration.

In practice, the study is of valuable implications for MSMEs in Nigeria as it will help enterprises in recognising the financial inclusion and turnaround time nexus and consequently, its relevance in enhancing the speed of service delivery to customers. This underscores the need for MSMEs to be well prepared to embrace new technologies, as such readiness can significantly enhance their financial inclusion and speed of service delivery.

Furthermore, the study holds significant relevance for financial institutions in Nigeria, as it is anticipated to assist banks in assessing the efficiency of their financial inclusion strategies targeted at MSMEs while at the same time guiding the development of policies aimed at fully integrating MSMEs into the formal financial system.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study empirically investigated the nexus between financial inclusion and turnaround time, a crucial internal process and performance indicator of MSMEs in the Southwest region of Nigeria. The results of the descriptive analysis showed that respondents generally agreed that the financial inclusion of MSMEs have influence on the speed of services delivery to customers. Empirically, the study revealed that financial inclusion exerted a positive and significant influence on MSMEs' turnaround time -the speed of service delivery to customers. Empirical findings further showed that among the three financial inclusion variables, namely; usage, quality, and access to financial services used to evaluate the influence of financial inclusion on turnaround time of MSMEs, frequency of usage of financial services held the greatest significance as a driver of MSMEs' turnaround time in the study area, followed by the quality of service. The study concluded that while the accessibility and quality of automated services provided by banks to MSMEs are of important considerations, the frequency of usage of these services by MSMEs is most crucial to their financial inclusiveness as well as performance. The findings further concluded that financial inclusion, including the utilization of financial innovations by MSMEs, has the potential to positively influence the speed of service delivery (internal process), reduce operational expenses of enterprises and customers' waiting time. Ultimately, this has the tendency to influence customer satisfaction and retention as well as the overall efficiency of MSMEs.

Recommendations

Based on the findings and towards improving the financial inclusion of MSMEs, the study recommended as follows:

- i. Towards improving service delivery and internal operation of MSMEs, the integration of the sub-sector into the main financial institutions should be considered crucial by all stakeholders.
- ii. Since frequency of usage of financial services holds the greatest significance as a driver of turnaround time, MSMEs should fully leverage automated services and various modes of transacting business offered by financial institutions to enhance service delivery speed to customers and overall enterprise' performance.
- iii. The government and financial institutions must scale up the accessibility and functionality of digital payment systems to support smooth and efficient business transactions for MSMEs.

Future Research

The study investigated the effect of financial inclusion on the performance of MSMEs in Southwest, Nigeria. In order to streamline data collection, the study focused mainly on urban areas. However, it is suggested that further studies should focus on financial inclusion in rural areas and nano enterprises.

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