WELFARE
JURNAL ILMU EKONOMI
VOLUME 6 NOMOR 1 (MEI 2025)
http://jurnal.unsil.ac.id/index.php/welfare
ISSN 2723-2212 (MEDIA ONLINE)
ISSN 2723-2220 (MEDIA CETAK)

IMPACT OF BANKING PRODUCTS AND MSME STRATEGIES ON POVERTY REDUCTION AND SDG ACHIEVEMENT: A PATHWAY TO FINANCIAL INCLUSION

Komang Widhya Sedana Putra P[a]*

[a] Universitas Pendidikan Nasional, Denpasar, Bali, Indonesia
***widhyasedana@undiknas.ac.id**

Diterima: *Maret 2025* ***Disetujui****: April 2025* ***Dipublikasikan****: Mei 2025*

ABSTRACT

This study examines the effect of banking products and MSMEs strategies towards poverty reduction and SDGs achievement. The aim of this paper is to identify what avenues banking products affect financial inclusion and MSMEs strategies resulting in poverty reduction. This study applies a quantitative approach using Partial Least Square-SEM. Data were collected through structured Likert-scale questionnaires from 150 MSMEs in Denpasar, selected purposively based on business legality and their current or potential use of banking products. Based on the partial least square structural equation modeling analysis, the research findings show that while banking products have a significant impact on the financial inclusions and strategies of MSMEs, they play a huge role in poverty reduction. It is not banking products per se that accomplish the poverty reduction directly, but it provides greater access to finance that would otherwise be available to MSMEs to utilize for economic development strategies, and thereby employment creation. The findings of the study reveal that to be able to contribute meaningfully towards SDG, poverty reduction has to be combined with banking products by MSME-focused strategies and financial knowledge. The study promotes inclusive financial systems and special financial services as the driver of economic empowerment and sustainable poverty reduction.

Keywords: Banking Products, MSME Strategies, Financial Inclusion, Poverty Alleviation, SDG Progress

ABSTRAK

Penelitian ini mengeksplorasi bagaimana produk perbankan dan strategi UMKM berkontribusi pada pengurangan kemiskinan dan mendukung pencapaian Tujuan Pembangunan Berkelanjutan (SDGs). Tujuan penelitian ini adalah untuk menyelidiki jalur-jalur melalui produk perbankan yang memengaruhi inklusi keuangan dan strategi UMKM, yang pada akhirnya mendorong pengurangan kemiskinan. Penelitian ini menggunakan pendekatan kuantitatif dengan analisis Partial Least Square-SEM. Data dikumpulkan melalui kuesioner skala Likert dari 150 UMKM di Denpasar yang dipilih secara purposive berdasarkan legalitas usaha dan keterkaitan dengan produk perbankan. Analisis yang dilakukan melalui Partial Least Squares Structural Equation Modeling (PLS-SEM) menunjukkan bahwa produk perbankan memiliki pengaruh signifikan terhadap inklusi keuangan dan strategi UMKM, yang pada gilirannya berdampak signifikan pada pengurangan kemiskinan. Meskipun produk perbankan sendiri tidak secara *langsung mengurangi kemiskinan, produk tersebut memfasilitasi akses keuangan yang lebih besar dan memberdayakan UMKM untuk menerapkan strategi pertumbuhan yang mendorong pembangunan ekonomi dan penciptaan lapangan kerja. Temuan ini menunjukkan bahwa upaya pengurangan kemiskinan harus mengintegrasikan produk perbankan dengan strategi berbasis UMKM dan literasi keuangan untuk dapat berkontribusi secara efektif pada pencapaian SDGs. Penelitian ini menekankan pentingnya sistem keuangan inklusif dan layanan keuangan yang terarah dalam mendorong pemberdayaan ekonomi dan pengurangan kemiskinan yang berkelanjutan.*

Kata Kunci: *Produk Perbankan, Strategi UMKM, Inklusi Keuangan, Pengentasan Kemiskinan, Kemajuan SDG.*

I. INTRODUCTION

Reduction of poverty is a core goal of the 2030 Agenda for Sustainable Development, prioritizing the reduction of poverty in the world (Daoudy et al., 2022). Building resilience among the vulnerable and implementing pro poor, gender-responsive policies are crucial to accelerating poverty eradication (Y. Yu & Huang, 2021). Despite the introduction of several policies aimed at ensuring this goal, poverty remains a significant issue, particularly for developing countries. Inclusive financial services have a critical role in poverty reduction, enabling poor people to save, borrow from credit facilities, and risk protection through insurance (Saha & Qin, 2023). In fact, financial inclusion helps the poor to smooth their consumption, invest in education or business, and thereby raise their income levels. In addition, it encourages broader economic development through improved employment opportunities and governments' spending on health and education (Shi & Qamruzzaman, 2022). Banking services include microloans, savings accounts, and insurance, which improve economic well-being for the low-income individual and communities. Asian Development Bank reports stated that Micro Finance Institutions (MFIs) like Grameen Bank have reduced poverty levels from 33% to 10% within four years (Asian Development Bank, 2000). Financial inclusion promotes community development, education, women's empowerment, and economic participation (World Bank, 2023). Banking services promote economic resilience and income-generating activities through investment in education, health, and microbusiness. These services boost personal incomes and contribute to aggregate economic growth (Asia Development Bank, 2022). Financial inclusion reduces poverty by empowering individuals to escape the poverty trap, e.g., cooperative banks and mobile banking, that improve the allocation of resources and living standards (Mhlanga, 2022).

Green finance also involves environmental, social, and governance (ESG) considerations in investing in resources for long-term economic growth and stability, with the Sustainable Finance Action Plan of the European Union (EU), which has been a powerful driver of the Sustainable Development Goals (SDGs) and a risk reducer in climate (Lanoo & Thomadakis, 2020). Increased financial inclusions create opportunities for the poor and downtrodden, thereby rendering the resources equitably distributed and sustainable economic development as evidenced by (Hussain et al., 2024). Banks can be a catalyst for economic development, at least for Micro, Small & Medium Enterprises (MSMEs), through microfinance and fintech products. Fintech reduces payment processes, thereby decreasing the cost of transactions and improving operations efficiency of MSMEs (Antoni et al., 2024). Microfinance institutions have superior lending terms as well as few entry barriers to hinder, rendering MSMEs in a good position to get capital for capitalizing their development and innovation (Kemgou Voptia & Stukalina, 2024). This hence reflects how MSMEs play key roles in economies in most developing countries, promoting jobs as well as deepening economic systems from the ground. They contribute around 45% of the total employment and a maximum of 33% to Gross Domestic Product (GDP) in the developing economies; they generate close to 90% of fresh formal sector employment, thereby reducing the unemployment rates (Dasaraju, Himachalam; Somalaraju, Kishore; Kota, 2020). Well-rooted in the community, MSMEs encourage local development, reduce economic gaps between rural and urban regions, and enhance the local economy by maximizing local resources and facilitating equitable wealth distribution overall (Setiawati & Mastarida, 2024). Financial planning in financial institutions and favorable economic policies can thus further reinforce MSMEs in poverty alleviation. Policy-makers can increase the financial inclusion of the poor, like MSME entrepreneurs, through programs like interest rate subsidies or microfinance expansions (Valle et al., 2022). MSMEs enable the empowerment of marginalized communities, allowing them to acquire jobs and be entrepreneurs, promoting social mobility and improved standards of living (Pellegrino & Abe, 2022).

In contrast, green and innovative MSME development policies allow for sustainable and inclusive economic development. The application of a social entrepreneurship model allows MSMEs to address most pressing social issues and remain financially viable at the same time. According to Marlina (2024), social entrepreneurship model also promotes innovation towards inclusive growth, as it responds to the demands of local communities. Among many others, compliance with global environmental standards has facilitated not just access to the global market for MSMEs but also instilled within them the culture of adopting green practices in their pursuit of sustained competitiveness and robustness (Koirala, 2019). Banks play an extremely crucial role in unlocking the potentialities of MSMEs through offering all kinds of financial products, including technology-based financing and low-interest loans. In this, fintech has been a game-changer in the MSMEs' financial ecosystem. With alternative finance options like peer-to-peer lending and crowdfunding, fintech addresses the situation of businesses struggling to obtain conventional bank loans (International Finance Corporation, 2010). Fintech options enable MSMEs to make online payments, enhancing operational efficiency and diminishing risks involved in cash transactions (Putri et al., 2023). Besides, Government policies with simplified regulations and emphasis on capacity-building exercises are also critical in propelling MSME growth. Increased financial literacy through focused training programs assists MSME proprietors in building sustainable business models (United Nations Conference on Trade and Development, 2023). A combined regulatory system is required, which incorporates simplified regulations along with MSME-focused policies, such as the creation of special government departments to facilitate coordination and assistance (AfPI, 2020). It is beneficial to the generation of incomes and mitigates socio-economic gaps-the major generators of poverty.

Despite the extensive potential of financial economics and banking in poverty mitigation, numerous barriers to the acceptance of inclusive finance products by the poor and low-income people, as well as MSMEs. Inefficiencies in infrastructures in poor and underdeveloped markets hinder access because financially serving the poor is usually at a high expense for the institutions (Khoifin & Achyar, 2023). This compels financial institutions to come up with appropriate products, for instance, microloans, no-minimum-balance savings accounts, and low-cost insurance, tailored to their needs. As argued by Junaidi (2024), inadequate financial literacy and market access undermine poverty reduction through banking products and financial interventions. Financial literacy, or individuals' knowledge of financial concepts and capacity for resource allocation, is perhaps the most important demand-side challenge for financial inclusion. For example, evidence shows that higher financial literacy is linked with higher access to financial services and, therefore, higher decision-making. Low-literate households must rely on poorer informal channels to protect against risks (Wang et al., 2022). Additionally, the remoteness of an area from banking hubs exacerbates market access issues because banks consider it economically unfeasible to establish themselves there, excluding the under-served from market access (Thorsten & Torre Augusto, 2006). Financial theory, banking products, and MSME development are therefore all combined in a way that is crucial for poverty reduction. Financial inclusion improves MSME performance, while credit facilities improve entrepreneurial prosperity (Tridewi et al., 2023). Microfinance also assists in making the world sustainable by creating new entrepreneurs who assist in alleviating poverty (Suparyati et al., 2023).

The financial sector, economic policy, and MSMEs all need to be incorporated for the SDGs, and in most cases, towards poverty reduction as well as, at the same time, inclusive growth. MSMEs create jobs for poor segments such as women and young people. MSMEs empower individuals through entrepreneurship and reduce poverty (Timur et al., 2023). Enhancing institutions of the market, competition, and regulation has the potential to ease financial strain; innovative concepts that address both financial and non-financial needs are therefore very important for the growth and survival of MSMEs. As argued by Fathurrahman & Fitri (2024), banks should therefore develop products that would cater to short-term financial needs as well as long-term economic opportunities. The sustainability age in banking is the period of managing social and environmental risks, as well as financial risks, to enable long-term value creation. Sustainability strategies maintain profitability, reputation, and market position. Maintains that promoting competition within the financial sector will drive innovation and improve delivery of services in its wake and improve the overall economy. Carruthers & Mulligan (2013) also contribute that the MSME sector, financial institutions and economic policies need to cooperate in a bid to attain better results in poverty reduction. Access to finance promotes MSME performance and poverty alleviation, whereas financial literacy and access to credit significantly improve entrepreneurial success (Valle et al., 2022). In order to have maximum impact, a collaborative approach among stakeholders can provide blended finance structures that leverage public money to derisk MSME investment, mobilizing other commercial finance (United Nations Development Programme, 2021).

Though various studies have highlighted the role of banking products towards poverty alleviation, not many have synthesized the view of financial economics and MSME strategies within an overarching framework. Most studies have focused on one area or another, either banking or MSME strategies, and not how the three may interrelate. Therefore, there is insufficient understanding of the way banking products and theories of financial economics, along with MSME strategies, receive synergy in eradicating poverty. This is the first study that brings together banking products, financial economics, and MSME development strategies under one umbrella of a holistic poverty reduction approach. This article addresses the three-way interactive dynamics among the three elements, i.e.: inclusive financial products provided by the bank, MSME initiatives of sustainable growth, and theories of financing policies for these. While earlier research has delineated these three, the current research seeks to bring new inputs to better policy and strategy formulation in poverty alleviation. The research thus seeks to analyze how financial products, financial economics, and MSME strategies can synergistically complement each other in poverty alleviation. The paper thus tries to analyze what harmony could possibly be attained by the banking sectors and MSMEs and how the various policies that benefit both sectors converge to give a satisfactory result in poverty reduction. It also tries to offer recommendations to policymakers and practitioners on enhanced strategy formulation towards the achievement of the SDGs, with particular emphasis on poverty reduction.

A. The Theory of Financial Inclusion (Access to Finance and Economic Growth)

Financial inclusion theory emphasized that access to financial services at an affordable price, such as savings, credit, insurance, and payment systems, was of utmost significance to enhance economic growth, poverty reduction, and well-being. An inclusive financial system serves to enhance economic capacity through the means of savings, investment, and entrepreneurship (Rumondang et al., 2020). Thus, financial inclusions empower marginal individuals by facilitating increased earnings, asset building, and risk management, the trickle-down effect of falling poverty as well as socio-economic disparities. This hypothesis subscribes to formal access to financial services among marginal as well as excluded communities, mostly those in developing economies (Khalid et al. (2024). Financial inclusion assists in income inequality reduction by allowing these groups to engage more actively in economic activities and enjoy opportunities for growth (Kling et al., 2020). Increasing financial inclusion also supports social welfare by bringing excluded groups into the financial system, enhancing economic stability and shock resilience (Mhlanga, 2022). Including these segments in the structured financial system, investment, saving, insuring, and credit access to the improved economic condition are possible to be accomplished by individuals and businesses alike. This will ultimately lead to poverty reduction and economic empowerment.

Financial inclusion theory, according to this study, describes the way the banking offerings of the poor income earner or MSMEs, such as microloans, saving products, mobile banking, and digital finance, are extremely essential in lifting people from poverty. Microloans are small amounts of credit availed by persons who lack access to conventional banks. The center will enable the entrepreneur to initiate or expand businesses, increasing their revenues and employment. Microfinance is proven to enhance economic activity among poor individuals, enabling investment in productive activities and improving livelihoods (Tran et al., 2022). Economic growth is improved through financial inclusion since it enables investments in business and education, offering opportunities for income and employment (Omenihu et al., 2024). By providing access to credit and financial services, banks facilitate individuals and small businesses to improve their livelihood opportunities, productivity, and income. Credit access is important in allowing investment in productive activities. Banks mobilize deposits and on-lend to business and personal use, hence facilitating an efficient process of resource allocation in an economy (Rahayu et al., 2024). Loans provide the borrowers a remedy for the management of unsteadiness of income; finance microbusiness, education, and health; and finance unexpected expenditure against shocks, among others (Fletschner & Kenney, 2014). For this reason, financial inclusion forms the core to the achievement of SDG 1: No Poverty. Financial inclusion refers to access to, and use of, financial products and services offered by institutions such as micro-finance institutions and banks. Financial inclusion encourages increased levels of household income, enhances economic resilience to shocks, and facilitates investment in health and education for poverty transmission breaking (Yap et al., 2023). The trickle-down theory suggests that macroeconomic financial inclusion policies have a chance to be translated into micro-level advantages for poor people, such as increased access to credit by poor households, stimulation of local economies, and the creation of jobs (Ozili, 2023). The link between financial inclusion and poverty reduction is even more compelling if we consider how economic engagement and financial literacy, through enhanced access to capital, can be a catalyst for sustainable economic growth. This reasoning also links closely with the need for greater access to capital, policies, and banking products, especially for MSMEs, since they are a key driver of job creation and local economic development.

B. The Resource-Based View (RBV) of Firms and MSME Strategy

The theory of the Resource-Based View postulates that the source of a firm's sustainable competitive advantage is rooted in its ability to utilize and leverage internal resources that are valuable, rare, inimitable, and non-substitutable. RBV is used in extensive applications in strategic management and supply chain management (Luján Salazar, 2017). Komakech et al. (2024) invites businesses to scientifically analyze its resource structures and capabilities to enhance its strategic positioning and operating efficiency. RBV emphasizes that, in MSMEs, the financial resources, human assets, technological prowess, and organizational culture are key drivers within the organization in the quest for success and development. Financial capital, therefore, is among the significant accesses to business for MSMEs in terms of how it facilitates investment in operations, technology, and human capital. Financial literacy is equally crucial for entrepreneurs because it dictates their ability in making informed decisions in finance and resource allocation (M et al., 2024). Moreover, staff skills, competence, and expertise are essential in human capital, and effective handling can result in innovation and functional efficiency (Q. Yu et al., 2022). For MSMEs, having access to an array of finance products and services can be interpreted as the critical enabling resource to attain a market competitive edge.

Anticipated in the context of banking and financial economics to MSME planning, RBV theory defines the use of access to financial products by MSMEs as a levering input through which MSMEs can innovate, increase size, and foster efficiency. Application of appropriate bank products, such as loans, equity assistance, and web-based solutions would allow MSMEs to finance growth plans, enhance technologies, and leverage emerging markets. This creates jobs, which help in poverty reduction and contribute to the development of the local economy. For MSMEs, financial inclusion means access to business-critical services to enable them to access funds, become more efficient, and adopt new technologies. Having diverse financial products allows MSMEs to tailor financial strategies to meet their unique requirements (Harunurrasyid, 2024). This investment creates jobs, raising the income levels of communities. Based on research, there is a clear link between MSME performance and poverty reduction, with evidence indicating that well-implemented financial inclusion interventions can significantly contribute to socioeconomic progress (Nursini, 2020). In addition, bank financial resources, if used strategically by MSMEs, would have the following positive economic spillovers: robust value chains, higher entrepreneurship rates, and more sustainable enterprises. MSMEs with the capability to access finances and strategic management methods will stand to achieve sustained viability and bring employment creation to possibility and, therefore, bring broader poverty relief. This is a theory that is particularly relevant in constructing a basis on which financial inclusion and strategic resource management can thus facilitate the MSMEs to pursue intensively their productivity and contribute to sustainable economic contribution at the grassroots levels by poverty reduction and economic growth.

C. Linking the Theories to Poverty Alleviation

Each of these two master theories in combination provides a complete system regarding how banking products, financial economics, and MSME strategies relate to each other for the incubation of poverty alleviation. Theory of financial inclusion seeks to explain access to finance as one of the basic engines of economic growth and poverty alleviation, while Resource-Based View proves that the strategic utilization of their accessible financial resources will help MSMEs to develop, innovate, and create jobs, additional poverty alleviation. Both theories suggest the potential for financial services to change the life of poor people, suggesting that a blended strategy of both strategic MSME development and inclusive financial products is needed for long-term poverty alleviation. From theory and introduction there is the hypotheses:

1. Banking products influence the financial inclusion.

   Banking products have a crucial impact on financial inclusion, with the products being low-cost and easy-to-access products and services extended to individuals and businesses in the form of transactional, payment mechanisms, savings, credit, and insurance. The World Bank, citing Kawaka & Yusuf (2024), defines financial inclusion as one of the most important routes to poverty reduction and shared prosperity. Banking operations, especially through digital innovation and strategic design, are extremely important in enhancing financial inclusion. Technology has proven to increase the usage of fundamental financial instruments by raising access levels, thereby promoting economic resilience among poor communities. For this purpose, stakeholders are also called upon to invest more in technological solutions and collaboration strategies that can effectively bridge the gaps of financial access (Fernando & Disanayaka, 2024). This letter of correspondence highlights the ways through which banking products can serve as a facilitator of inclusive economic growth.
2. Banking Product supports MSMEs Strategies

   Banking products enable MSME

strategies through tailored financial solutions that cater to specific needs of industries like agriculture, hospitality, and retail. The development of appropriate lending strategies requires extensive research on how MSMEs obtain their finance requirements and product development following such research (Gachui, 2017). The integration of digital solutions, including mobile banking, digital credit scoring, and online platforms, significantly enhances access to financial services by MSMEs. Besides, there are emerging technologies like peer-to-peer lending and crowdfunding that also offer alternative forms of financing that complement traditional loan products and widen prospects for MSME growth and sustainability (Palmieri & Ferilli, 2024). This accentuates the bank's pivotal role in facilitating MSMEs' ability to compete in competitive markets.

3. Banking Product Contributes to Poverty Alleviation

   Banking services can reduce poverty due to the access that capital holders receive and generating employment and stimulating economic growth. Channels of Influence: Fintech enables poverty reduction due to improved access to banking services, dissemination of information, and electronic commerce in rural communities. Mobile banking and the third-party payment system play a crucial role in promoting inclusive finance, and inclusive finance has been identified as an anti-poverty tool (Natu & Aparicio, 2022). Employment Generation: Banking services facilitate access to credit for small business entrepreneurs in setting up small businesses, thus generating profitable employment for people and energizing local economies. According to studies, regions with better access to financial services experience greater economic growth and a remarkable reduction in poverty levels (Junaidi, 2024).

4. Financial Inclusion decreases Poverty Alleviation

   Financial inclusion alleviates poverty since financial services increase one's economic resilience and reduce income inequality. It provides access to people, especially the poor sections of society, to savings, credit, insurance, and other essential financial products to enhance economic opportunities and stability (Khan et al., 2022). Adel et al. (2023) explain that impact channels include financial inclusion in poverty reduction through insurance products that protect against health emergencies or natural disasters that reduce exposure and help maintain economic security in the face of unforeseen situations.

5. MSMEs Strategies Address Poverty Alleviation

   MSMEs strategies tackle poverty alleviation through improved entrepreneurial performance and increasing income chances for communities. Microfinance and credit facilities access supplies necessary capital for business activities, and this allows MSMEs to grow and impact local economic development, thus influencing the reduction of poverty (Mafruhat et al., 2023). Education and Skills Development: Entrepreneurship education programs, such as budgeting and financial literacy, help the individuals effectively run their businesses, and thereby result in increased financial success and poverty reduction that lasts (Valle et al., 2022).

6. Banking Product influences Poverty Alleviation through MSMEs Strategies

   Banking products impact poverty

alleviation through MSMEs strategies by providing necessary financial services to the poor, especially through microfinance institutions. These institutions provide microloans that the entrepreneur can use to establish or expand a business, thereby earning income and improving the standard of living. It is said that MFIs have assisted in poverty reduction through the promotion of self-employment and the establishment of sustainable enterprises, particularly in developing areas (Nwakoby & Okanya, 2021). In addition, entrepreneurship training and financial literacy are needed for the optimal impacts of microfinance programs. Based on studies, these training programs enhance the performance of MSMEs, and consequently, poverty is alleviated (Valle et al., 2022).

7. Banking Product influences Poverty Alleviation through Financial Inclusion

   The banking product influences poverty alleviation through financial inclusion; this provides people with easy financial services like savings accounts, credit, insurance, and payment systems. This access enables poor families to control their expenses better, save for rainy days, and invest in opportunities that might enhance their standards of living. In addition to financial product access, Cavoli et al. (2021) affirm that the education schemes on financial literacy are crucial in realizing full benefits of financial inclusion. Educating individuals regarding money management, budgeting, and investment planning allows them to make better use of available services, therefore further enhancing poverty alleviation activities (Mahmood et al., 2022).

II. METHODS

The study applies a quantitative research approach; therefore, MSMEs in Denpasar will be sampled within this research through a structured questionnaire with a Likert scale to obtain data. By this, an effectively structured questionnaire was created to measure the adoption and impact of banking products on MSMEs financial inclusion and MSMEs development strategy towards poverty reduction. This research focuses on MSMEs in Denpasar, the economic and tourism hub of Bali Province, contributing significantly to the region's economy. Despite this, Denpasar had a poverty rate of 2.97% in 2022, reflecting the presence of economic disparities. This context makes Denpasar an appropriate setting to examine how banking products influence business dynamism and contribute to poverty alleviation. The dynamism and variety of the business environment in this city give the right setting to investigate how financial services can make MSMEs grow.

The target population of this study is 16,650 MSMEs in Denpasar. In this study, the 150 MSME samples selected through purposive sampling are MSMEs that have formal legality in business and are currently considered to have used banking products or have the potential to use them. These benchmarks are set to ensure that MSMEs, as part of the research, are operationally effective in procuring banking products for business development and poverty alleviation. Information gathering will be accomplished within a period of three months to achieve accuracy and coverage, with questionnaires being given directly to the MSMEs' owners or managers.

The use of the Likert scale in the survey was effective in the determination of the attitude, perceptions, and intensity of expressed opinion of the respondents. This is because it is one of the tools frequently utilized in the social sciences, bearing in mind the fact that subjective characteristics can be measured, hence a clearer image to emerge on attitudes and perceptions of banking products in the light of MSMEs' applicability to poverty alleviation. Data analysis will be carried out through Partial Least Squares Structural Equation Modeling (PLS-SEM), version 4.0. PLS-SEM can handle complex models involving several hundred observed variables because it is not very likely to have issues with convergence (Hair & Alamer, 2022).

PLS-SEM is a very efficient technique of exploration and prediction in research involving relations among different variables, which are still not well understood. It can model the independent and dependent variables at the same time for data with which multicollinearity of predictors exists. Further, PLS-SEM also has the advantage of being able to efficiently handle datasets with some missing values-a common issue in actual research scenarios. This capability allows researchers to utilize data that would otherwise be excluded due to incompleteness (Fakir & Joarder, 2024). In this study, the relationship between banking products, financial inclusion, MSME strategies, and poverty reduction will be examined using the application of PLS-SEM.

With this approach, the research allows for a full test of the research model and builds an insight into how banking products can impact the activities of MSMEs and thereby poverty alleviation. The current study endeavors to gain a better understanding of how financial inclusion can be a driver of sustainable development and economic empowerment in the MSME sector by exploring the interconnections between financial products, business development strategies, and socioeconomic impacts.

Complete Combined Model with 7 Hypotheses:

Equations Representing Hypotheses Relationships

H1: $FI = \beta_1 * BP + \varepsilon_1$

H2: $MS = \beta_2 * BP + \varepsilon_2$

H3: $PA = \beta_3 * BP + \varepsilon_3$

H4: $PA = \beta_4 * FI + \varepsilon_4$

H5: $PA = \beta_5 * MS + \varepsilon_5$

H6: $PA = \beta_5 * (\beta_3 * BP) + \varepsilon_6$

H7: $PA = \beta_4 * (\beta_2 * BP) + \varepsilon_7$

Model Explanation:

- FI: Financial Inclusion
- MS: MSMEs Strategies
- PA: Poverty Alleviation
- BP: Banking Product
- β_n: Regression coefficients representing the strength of relationships
- ε_n: Error term (external factors)

III. Results And Discussion

A. Descriptive Analysis

The descriptive profile of the respondents in Table 1 reveals interesting facts regarding the nature of MSMEs in Denpasar. Most of the respondents are engaged in the agriculture sector, which accounts for 30,0%, followed by Hospitality at 25,3%, and Retail at 20,0%, reflecting the diversity of economic activities in the region, with agriculture and tourism being the backbone of Denpasar's economy. As regards the size of the business, 40,0% of them employ 1-5 employees and 35,3% employ 6-10 employees. It reflects that there are mostly small-scale enterprises operating in the local market, thus making micro and small-scale enterprise the pillar of Denpasar business arena.

Table 1. Descriptive Profile of the Respondents

Category	Description	Frequency	Percentage
1. Business Type	Agriculture	45	30,00%
	Hospitality	38	25,30%

	Retail	30	20.00%
	Manufacturing	22	14,70%
	Other (e.g., services, creative industries)	15	10,00%
2. Business Size (Employees)	1-5 employees	60	40,00%
	6-10 employees	53	35,30%
	11-20 employees	23	15,30%
	21+ employees	14	9,30%
3. Years in Operation	Less than 1 year	8	5,30%
	1-5 years	38	25,30%
	6-10 years	53	35,30%
	More than 10 years	53	35,30%
6. Banking Product Usage	Credit/Loans	90	60,00%
	Savings/Investment Products	75	50,00%
	Insurance	52	34,70%
	Digital Payment Systems	120	80,00%
7. Business Focus	Local Market	82	54,70%
	National Market	45	30,00%
	International Market	23	15,30%
8. Revenue Generation	Under IDR 100 million	38	25,30%
	IDR 100 million – IDR 500 million	68	45,30%
	IDR 500 million – IDR 1 billion	30	20.00%
	Above IDR 1 billion	14	9,30%
9. Educational Background	High School/Secondary Education	22	14,70%
	Diploma/associate degree	53	35,30%
	Bachelor's Degree	60	40,00%
	Master's Degree	15	10,00%
10. Awareness and Training in Financial Literacy	No training	30	20,00%
	Basic financial literacy	75	50,00%
	Advanced financial literacy	45	30,00%
11. Perceived Effectiveness of Banking Products	Highly effective	60	40,00%
	Moderately effective	68	45,30%
	Not effective	22	14,70%

Source: data processed, 2025

By the year of establishment of the companies, the majority of 35,3% fall in the age group 6-10 years, and further 35,3% are more than 10 years old, thus implying that a pretty significant number of MSMEs in Denpasar have relatively had good years of operation with good business background. Here, the awareness of business opportunities and challenges, including finance access issues, can also be comparatively well-defined. The products used from the banking sector are Digital Payment Systems, at 80.0%, and hence represent the increased use of digital financial solutions by MSMEs in

Denpasar. Furthermore, 60,0% of the firms make use of Credit/Loan products and 50,0% Savings/Investment Products, which reinforce further the increasing reliance of MSMEs on a range of financial products to drive their operations and expansion. The extensive application of electronic payment systems indicates the continued digitalization of the financial system, the importance of which for more profound financial inclusion of MSMEs.

B. Reliability and Validity Test

As seen from Table 2, all the reliability-measuring variables are excellent, with the values of internal consistencies for each of the instruments employed being high. In this regard, internal reliability for Banking Product is also good with a Cronbach's Alpha of 0,789, which surpasses the level that is mostly agreed upon in practice as the cut-off threshold, which stands at 0,7. Similarly, with Composite Reliability (rho_a) = 0,862 and Composite Reliability (rho_c) = 0,863, this is indicative that this variable possesses highly consistent measures. AVE = 0,582 implies that more than 58% of the latent variable accounts for variance in the indicators, which is over the minimum threshold value of 0,5. In support of this, the 0,812 Cronbach's Alpha for Financial Inclusion further proves to be an extremely high level of reliability. With Composite Reliability (rho_a) of 0,878 and Composite Reliability (rho_c) of 0,841, this finding is further substantiated as high measurement consistency. The AVE value of 0,518 signifies that more than half of the variance of the indicators for Financial Inclusion is explained by this latent factor and hence crosses the threshold value. Cronbach's Alpha value of 0,771 for MSMEs Strategies also indicates good reliability but a bit lower than the first two variables on the threshold value of 0.7. This measure presents a rho_a Composite Reliability of 0,894 and Composite Reliability rho_c of 0,841; the measures are highly reliable. Additionally, AVE of 0,552 also reflects that more than 55% of the variance in the indicators is accounted for by the latent variable and therefore also fulfills the required standards.

Table 2. Construct Reliability and Validity

Variables	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Banking Product	0,789	0,862	0,863	0,582
Financial Inclusion	0,812	0,878	0,841	0,518
MSMEs Strategies	0,771	0,894	0,841	0,552
Poverty Alleviation	0,809	0,853	0,868	0,577

Source: data processed, 2025

Poverty Alleviation is also consistent with a Cronbach's Alpha of 0.809. Composite Reliability of 0,853 and Composite Reliability of 0,868 reflect that measures for this construct are highly consistent. Since an AVE of 0,577, showing that more than half of the variance in this variable of indicators is accounted for by the latent variable itself, there is outstanding measurement quality. In all, the results of these tests of reliability justify measurement tools of this study as extremely reliable to analyze the relationships among the concerned variables.

C. Hypothesis Test

Results of the analysis Figure 1 and Table 3 display the significant relationships between the variables in the model. First, Financial Inclusion and Banking Products have a significant and high relationship based on an original sample value of 0,673, a high t-statistic of 20,225 with a p-value of 0,000, meaning banking products have a significant contribution to financial inclusion. In fact, what is emphasized is that with more bank products, the accessibility of financial services to individuals and businesses will be beneficial. In the same manner, Banking Products and MSMEs Strategies are very related, as confirmed by the initial sample value of 0,953 with a very high t-statistic of 107,543, showing positive and statistically significant effects. This means banking products are of great help and play a considerable role in coming up with MSME strategies by providing access to finance.

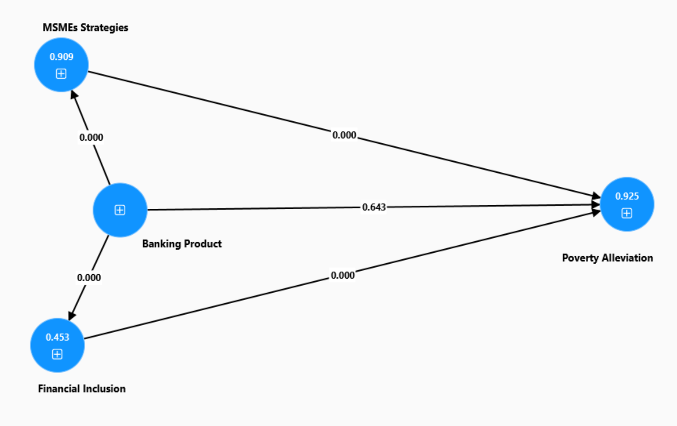

Figure 1. Structural Equation Model Testing

In contrast, the Banking Products and Poverty Alleviation correlation is very weak at 0,062 original sample value with the t-statistic at 0,464 and therefore p-value is 0,643, meaning insignificance. This suggests that banking products are probably to have limited direct impact towards alleviating poverty but can indirectly contribute towards financial inclusion. The analysis depicts a high correlation with financial inclusion (FI) having a significant effect on poverty alleviation regarding positive correlation, initial sample value of 0,269, t-statistic of 7.304, and p-value of 0,000.

Table 3. Regression Weight Structural Equational Model

Variable Regression	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Banking Product -> Financial Inclusion	0,673	0,678	0,033	20,225	0,000
Banking Product -> MSMEs Strategies	0,953	0,954	0,009	107,543	0,000
Banking Product -> Poverty Alleviation	0,062	0,057	0,133	0,464	0,643
Financial Inclusion -> Poverty Alleviation	0,269	0,272	0,037	7,304	0,000
MSMEs Strategies -> Poverty Alleviation	0,718	0,719	0,121	5,918	0,000

Source: data processed, 2025

This implies that access to banking products like savings, credit, and electronic financial products is likely to empower MSMEs by increasing access to capital, business planning, and risk management. These improvements enhance business resilience and stability in income, which in turn aid poverty alleviation. Financial inclusion is therefore a key mediating mechanism through which banking products indirectly support poverty alleviation. Finally, MSMEs Strategies also have a highly positive impact on the Poverty Alleviation variable with an initial sample value of 0,718 and t-statistic of 5,918, both statistically significant, indicating that MSME strategies are very important in poverty alleviation as they stimulate the local economy and generate jobs. So, in summary of all this, it means that banking products are necessary for financial inclusion to improve MSME strategies, but they have minimal impact on poverty; financial inclusion and MSME strategies have a greater impact in poverty reduction.

Table 4. Total Indirect Effect

Variable Regression Mediating	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Banking Product -> MSMEs Strategies -> Poverty Alleviation	0,684	0,686	0,118	5,819	0,000
Banking Product -> Financial Inclusion -> Poverty Alleviation	0,181	0,184	0,024	7,638	0,000

Source: data processed, 2025

Moreover, the result analysis From Table 4, describes the variable implications in terms of indirect relationship examination. Thus, from Banking Products through MSMEs Strategies to Poverty Alleviation indicates the high positive influencing effect and converts to 0,684 as a pilot sample, the statistic as 5,819 with p-value at 0,000. This thus establishes that the banking products offered indirectly introduce improvement in alleviating the poverty aspect as facilitated in the strategy by the MSMEs sector. This means banking products are at the core of boosting MSMEs, which is a very powerful local economic growth and employment generation force.

The chain of Banking Products to Financial Inclusion to Poverty Alleviation shows positivity and statistical significance at a value of 0,181, t-statistic of 7,638, and p-value of 0,000. This would mean that banking products lead to financial inclusion, which is an important determinant of poverty alleviation through access to financial services and improved economic status of the disadvantaged group of people. Overall, the two indirect channels indicate that banking products contribute to poverty reduction through either enriching MSME strategies or complementing financial inclusion.

D. Discussion

The findings of this study corroborate strongly the hypotheses formulated, indicating significant rates of relationship among banking products, MSME strategies, financial inclusion, and poverty reduction. The findings agree with theoretical predictions and outline an integrated scenario of how these variables relate to combat poverty.

Although banking products have a very direct and intensive influence on poverty reduction and MSME policies, their direct impact on poverty reduction is not noteworthy. This indicates that access to banking products by itself is insufficient to alleviate poverty unless through the mediation of factors such as financial inclusion and empowerment of MSMEs. This result highlights the complexity of poverty reduction, which involves more than access to finance.

Hypothesis 1, which explores the relationship between banking products and financial inclusion, is adequately justified by the evidence. This concurs with previous research, such as Kawaka & Yusuf (2024), who theorize that affordable and accessible banking products—such as savings, credit, insurance, and payment systems—are the foundation for widening financial inclusion. Additionally, cutting-edge technologies in banking have been shown to consolidate financial access among disadvantaged groups, promoting resilience and inclusive growth (Fernando & Disanayaka, 2024).

Hypothesis 2, which considers the banking product role in MSME strategies, is also corroborated. Banking organizations, through tailored financial products, are tasked with the sponsorship of MSMEs to diversify activities, risk management, and explore opportunities for growth. As noted by Palmieri & Ferilli, (2024), mobile banking, digital credit scoring, and crowdfunding platforms provide MSMEs with dynamic financial services, enabling them to compete more effectively in the market.

However, Hypothesis 3 of a direct relationship between poverty reduction and banking products is not supported by the evidence. The negative and weak statistical correlation indicates that banking products themselves are not to blame for directly alleviating poverty. Instead, their impacts channel through MSME development and financial inclusion. This outcome is also agreed upon by Junaidi (2024) and Natu & Aparicio (2022), as they emphasize that poverty alleviation is brought about by access to finance creating employment, increased income, and growth in local economies—not solely through the provision of financial products.

Hypothesis 4 confirms that financial inclusion is an important driver of poverty reduction. Financial inclusion raises economic opportunities, reduces vulnerability to shocks, and improves income stability (Khan et al., 2022). For example, access to savings and insurance protects households from sudden financial shocks, such as health emergencies or natural disasters, which are common poverty traps (Adel et al., 2023).

Hypothesis 5, regarding MSME strategies and poverty reduction, is also validated. MSMEs are job creation and income generation vehicles, particularly in rural and local communities. Microcredit and entrepreneurial training provide individuals with access to enable them to sustain their businesses, ensuring long-term poverty reduction (Mafruhat et al., 2023). Valle et al. (2022) also emphasize the necessity of skills enhancement and financial education in maximizing such effects.

Hypotheses 6 and 7, which measure the indirect effects of banking products on poverty alleviation through MSME strategies and financial inclusion, are strongly supported. This is consistent with the multi-layered nature of financial empowerment: bank products are the enablers, but it is the translation of these services into business activity and access to money that is converted into actual socio-economic effect. These findings are in line with Nwakoby & Okanya (2021), who show that microfinance institutions finance self-employment and business longevity, and Mahmood et al. (2022), who highlight the necessity of financial education to enhance the benefits of financial inclusion.

In summary, financial services exercise a causal but not direct impact on poverty reduction, mediated through increased access to finance and MSME empowerment. These latter channels lead to greater availability of capital, profitability of business, and greater economic resilience at microlevels. It thus follows that subsequent policies not only seek outreach to financial products but must ensure that matching financial products do get tied back into MSME development as well as into cohesive financial ecosystems with the vulnerable segments.

IV. CONCLUSION

This is apt to have copied significant relationships of the banking products on the MSMEs' strategies, the financial inclusion, and poverty alleviations. While direct effects of the banking products cannot influence a reduction in the poverty rates, it was hoped, by promoting financial inclusions, they could encourage the MSME to do so. The findings highlight that financial services can be a key driver in making a difference in economic empowerment, enhancing access to financial resources, and stimulating local economic development through MSMEs. This study highlights the challenge of poverty reduction; bank offerings, supported by deeper interventions by means of, for instance, financial inclusion programs and support to MSMEs, can be anticipated to contribute to long-term growth and poverty alleviation. The findings of this research have significant policy messages for policymakers, banking establishments, as well as for MSMEs. The policymakers must move to formulate an enabling environment that will bring together the products of banking and financial literacy programs, MSME development, and inclusive policies. The results can be used by financial institutions to create products that will target MSMEs and excluded groups specifically to enhance access to credit, savings, and insurance services. Other facilities under the line will be made available to MSMEs for expansion of business and hence creating employment, which is directly helpful in developing an economy. Overall, this research supports a holistic approach to poverty reduction a combination of financial products with other socio-economic interventions. Other mediators or moderators between bank financial products and poverty reduction, such as government policies, education, and social protection systems, may be found by additional research. More research on the role of digital financial services and fintech in expanding access to financial services by MSMEs and the poor is also required. The scope of this study can also be widened to other nations or regions for wider understanding in various settings, with respect to the dynamics that relate to financial services, MSMEs, and poverty alleviation. Scholars, for instance, can also explore long-term implications of financial inclusion on poverty alleviation to examine the sustainability of such implications. There are several limitations of this study. Second, the research is on MSMEs only in Denpasar, Bali, and as such will not be universal in other territories or countries of other economic background. While having enough sample for the current research, a larger sample size on further research would ensure the power of the study results. Research has been administered based on self-reports using a questionnaire, where certain biases in terms of social desirability or response are likely to emanate. The last limitation is that the present study is cross-sectional; therefore, no causality can be established, and any future research should aim towards a longitudinal study to determine the long-term effect of banking products and financial inclusion on poverty alleviation.

REFERENCES

Adel, Z., Hasan, A. Bin, Othman, A. H. A., & Redhouane, L. (2023). Research Advances on Financial Technology: A Bibliometric Analysis. *Lecture Notes in Networks and Systems*, *620 LNNS*, 495–508. https://doi.org/10.1007/978-3-031-26953-0_45

AfPI. (2020). *Policy Framework for Enhancing Msme Financing Ecosystem in Africa Framework 2 Policy Framework for Enhancing Msme Financing Ecosystem in Africa Introduction 3 Policy Framework Overview 5 Policy Development 6 Regulatory Framework 9 Development of the Msme* . https://www.wiego.org/sites/

Antoni, A., Judijanto, L., & Supriadi, A. (2024). Impact of Fintech Adoption, MSME Digital Readiness, and Regulatory Environment on Financial Performance in Indonesia. *West Science Accounting and Finance*, *2*(02), 275–286. https://doi.org/10.58812/wsaf.v2i02.1046

Asia Development Bank. (2022). *Financial Instruments to Strengthen Women's Economic Resilience to Climate Change* *and Disaster Risks* (Issue August). www.adb.org

Asian Development Bank. (2000). Finance for the Poor: Microfinance Development Strategy. *Asian Development Bank*, 1–52. http://www.syngentafoundation.org

Carruthers, J. I., & Mulligan, G. F. (2013). Through the Crisis. In *Economic Development Quarterly* (Vol. 27, Issue 2). https://doi.org/10.1177/0891242413485812

Cavoli, T., Onur, I., & Sourdin, P. (2021). Financial inclusion, active bank accounts, and poverty reduction in India. *Financial Inclusion in Asia and Beyond: Measurement, Development Gaps, and Economic Consequences*, *345*, 251–269. https://doi.org/10.4324/9781003035916-9

Daoudy, M., Schraven, B., Kristiansen, M., Swain, A., & Scheffran, J. (2022). Migration and the 2030 Agenda. *One Earth*, *5*(8), 838–840. https://doi.org/10.1016/j.oneear.2022.08.001

Dasaraju, Himachalam; Somalaraju, Kishore; Kota, S. M. (2020). MSMEs in Developing Economies and Their Role in Achieving Sustainable Development Goals in the Context of Covid19: A Theoretical Exposition. *International Journal of Small and Medium Enterprises and Business Sustainability*, *5*(1), 93–120.

Fakir, J., & Joarder, E. H. (2024). *PLS and CBSEM for Analyzing Big Data in Business*. *13*(8), 6–11. https://doi.org/10.35629/8028-13080611

Fathurrahman, F., & Fitri, S. E. (2024). Transforming the Finance of Small and Medium Micro Enterprises: Unlocking Growth Through Innovation in Central Lombok District. *Jurnal Bina Praja*, *16*(1), 97–109. https://doi.org/10.21787/jbp.16.2024.97-109

Fernando, J. M. R., & Disanayaka, K. (2024). The Impact of Digital Financial Inclusion on Banking Sector Stability: Evidence from Developing Countries. *Sri Lankan Journal of Banking and Finance*, *7*(1), 51–66. https://doi.org/10.4038/sljbf.v7i1.53

Fletschner, D., & Kenney, L. (2014). Rural women's access to financial services: Credit, savings, and insurance. *Gender in Agriculture: Closing the Knowledge Gap*, *11*, 187–208. https://doi.org/10.1007/978-94-017-8616-4_8

Gachui, C. (2017). *Key Strategies for Banks Expanding Reach to MSME Segment in Kenya*. *March*. http://microsave.net/files/pdf/BN_172_Key_Strategies_for_Banks_Expanding_Reach_to_MSME_Segment_in_Kenya_1.pdf

Hair, J., & Alamer, A. (2022). Partial Least Squares Structural Equation Modeling (PLS-SEM) in second language and education research: Guidelines using an applied example. *Research Methods in Applied Linguistics*, *1*(3), 1–16. https://doi.org/10.1016/j.rmal.2022.100027

Harunurrasyid. (2024). The Impact of Digital Transformation on Enterprises. *Advances in Economics, Management and Political Sciences*, *106*(1), 242–253. https://doi.org/10.54254/2754-1169/106/20241670

Hussain, S., Rehman, A. ur, Ullah, S., Waheed, A., & Hassan, S. (2024). Financial Inclusion and Economic Growth: Comparative Panel Evidence from Developed and Developing Asian Countries. *SAGE Open*, *14*(1), 1–15. https://doi.org/10.1177/21582440241232585

International Finance Corporation. (2010). Innovations In Financial Services Delivery-for Micro, Small and Medium-Sized Enterprises: G20 Global Partnership for Financial Inclusion. *Innovations in Financial Services for Micro, Small and Medium-Sized Enterprises*, 1–53. https://www.gpfi.org/sites/gpfi/files/News A%29 - Innovations in Financial Services for MSMEs.pdf

Junaidi, J. (2024). Islamic banks' contribution to Indonesia districts' economic growth and poverty alleviation. *Journal of Economics, Finance and Administrative Science*, *29*(58), 294–308. https://doi.org/10.1108/JEFAS-06-2021-0097

Kawaka, O. N., & Yusuf, D. M. (2024). DIGITAL BANKING TECHNOLOGIES AND FINANCIAL INCLUSION AMONG BANKS IN NAIROBI CITY COUNTY, KENYA Background of the Study. *Int Journal of Social Sciences Management and Entrepreneurship*, *8*(2), 980–996. www.sagepublishers.com

Kemgou Voptia, E. B., & Stukalina, J. (2024). Impact of digital finance on economic growth. *New Trends in Contemporary Economics, Business and Management. Selected Proceedings of the 14th International Scientific Conference "Business and Management 2024,"* 614–620. https://doi.org/10.3846/bm.2024.1163

Khalid, L., Nawaz Khan, S., Naz, I., Nawaz, K., & Alim, W. (2024). *Financial Inclusion And Poverty: Does The Country's Education Matter? Evidence From Lower-Middle-Income Countries*. *21*(S3), 1782–1798.

Khan, F., Siddiqui, M. A., & Imtiaz, S. (2022). Role of financial literacy in achieving financial inclusion: A review, synthesis and research agenda. *Cogent Business and Management*, *9*(1). https://doi.org/10.1080/23311975.2022.2034236

Khoifin, K., & Achyar, D. H. (2023). *magining an Inclusive Economy: The Role of SMEs and Digital Payment in Elevating Economic Equality*. *1408*. https://www.adb.org/publications/imagining-an-inclusive-economy-the-role-of-sm-es-and-digital-payment-in-elevating-economic-equality

Kling, G., Pesqué-Cela, V., Tian, L., & Luo, D. (2020). A theory of financial inclusion and income inequality. *European Journal of Finance*, 1–21. https://doi.org/10.1080/1351847X.2020.1792960

Koirala, S. (2019). SMEs: Key Drivers of Green and Inclusive Growth. *OECD Green Growth Papers*, *03–2019*, 1–55. https://www.oecd-ilibrary.org/content/paper/8a51fc0c-en

Komakech, R. A., Ogoro Ombati, T., Kikwatha, R. W., & Githii Wainaina, M. (2024). *Resource-based view theory and its applications in supply chain management: A systematic literature review*. *15*. https://doi.org/10.5267/j.msl.2024.6.004

Lanoo, K., & Thomadakis, A. (2020). Derivatives in Sustainable Finance - Enabling the Green Transition. In *European Capital Markets Institue*.

Luján Salazar, L. A. (2017). The Resource-Based View and The Concept of Value: The Role of Emergence in Value Creation. *Mercados y Negocios*, *35*, 27–46. https://doi.org/10.32870/myn.v0i35.6265

M, M. K., Almuraqab, N., Moonesar, I. A., Braendle, U. C., & Rao, A. (2024). How critical is SME financial literacy and digital financial access for financial and economic development in the expanded BRICS block? *Frontiers in Big Data*, *7*.

https://doi.org/10.3389/fdata.2024.1448571

Mafruhat, A. Y., Hernawati, N., & Haviz, M. (2023). Effectiveness Of MSMEs Financing To Poverty Allevation In Developing Countries And Opportunities To Reduce Poverty Due To Covid-19: Experience From Indonesia. *Dinamika Ekonomi*, *XIV*(Ii), 81–90. https://doi.org/10.29313/de.v14i2.11714

Mahmood, S., shuhui, W., Aslam, S., & Ahmed, T. (2022). The Financial Inclusion Development and Its Impacts on Disposable Income. *SAGE Open*, *12*(2). https://doi.org/10.1177/21582440221093369

Marlina, R. (2024). Harnessing Community Resources: Exploring Management Strategies for SME Development. *Golden Ratio of Community Services and Dedication*, *4*(1), 12–23. https://doi.org/10.52970/grcsd.v4i1.597

Mhlanga, D. (2022). The role of financial inclusion and FinTech in addressing climate-related challenges in the industry 4.0: Lessons for sustainable development goals. *Frontiers in Climate*, *4*. https://doi.org/10.3389/fclim.2022.949178

Natu, S., & Aparicio, M. (2022). Journal of Innovation. *Journal of Innovation & Knowledge*, *7*(4), 100248. https://doi.org/10.1016/j.jik.2022.100248

Nursini, N. (2020). Micro, small, and medium enterprises (MSMEs) and poverty reduction: empirical evidence from Indonesia. *Development Studies Research*, *7*(1), 153–166. https://doi.org/10.1080/21665095.2020.1823238

Nwakoby, I. C., & Okanya, O. (2021). The Benefit of Microfinance Bank in Poverty Alleviation: A Case of Selected Micro, Small and Medium Enterprises in Anambra State. *Asian Journal of Economics, Business and Accounting*, *21*(9), 37–47. https://doi.org/10.9734/ajeba/2021/v21i930420

Omenihu, C. M., Brahma, S., Katsikas, E., Vrontis, D., Siachou, E., & Krasonikolakis, I. (2024). Financial Inclusion and Poverty Alleviation: A Critical Analysis in Nigeria. *Sustainability (Switzerland)*, *16*(19), 1–21. https://doi.org/10.3390/su16198528

Ozili, P. K. (2023). *Financial Inclusion, Sustainability and Sustainable Development*. *118880*, 233–241. https://doi.org/10.1108/s1569-37592023000110a012

Palmieri, E., & Ferilli, G. B. (2024). Innovating the bank-firm relationship: a spherical fuzzy approach to SME funding. *European Journal of Innovation Management*, *27*(9), 487–515. https://doi.org/10.1108/EJIM-02-2024-0102

Pellegrino, A., & Abe, M. (2022). Digital financing for SMEs' recovery in the post-COVID era: A bibliometric review. *Frontiers in Sustainable Cities*, *4*. https://doi.org/10.3389/frsc.2022.978818

Putri, R. T., Isyanto, P., & Sumarni, N. (2023). The Role Of Financial Technology (Fintech) In Developing MSMEs. *International Journal of Economics Development Research*, *4*(1), 294–304.

Rahayu, M., Fauzi, R., Fadilah, M. R., & Firmansyah, R. Y. (2024). *Jasa-Jasa Bank dalam Kegiatan Perbankan : Sebuah Kajian Literatur*. *2*(2), 220–227.

Rumondang, I., Yusgiantoro, I. B., & Rofifa, J. S. (2020). Effects of information and communication technology on financial inclusion : Evidence across emerging and developing countries. *Otoritas Jasa Keuangan*, 1–32.

Saha, S. K., & Qin, J. (2023). Financial inclusion and poverty alleviation: an empirical examination. In *Economic Change and Restructuring* (Vol. 56, Issue 1). Springer US. https://doi.org/10.1007/s10644-022-09428-x

Setiawati, R., & Mastarida, F. (2024). *Critical Factors for SMEs ' Business Sustainability through the COVID-19 Pandemic : A Systematic Literature Review*. *15*(November), 201–212. https://doi.org/10.21512/bbr.v15i3.11100

Shi, Z., & Qamruzzaman, M. (2022). Re-Visiting the Role of Education on Poverty Through the Channel of Financial Inclusion: Evidence From Lower-Income and Lower-Middle-Income Countries. *Frontiers in Environmental Science*, *10*(May), 1–17. https://doi.org/10.3389/fenvs.2022.873652

Suparyati, A., Nurhayati, N., Sumiyati, S., & Esther, A. M. (2023). *The Influence of MSME Performance and Inclusive Finance on Poverty Reduction in Indonesia* (Issue Icelbi 2022). Atlantis Press International BV. https://doi.org/10.2991/978-94-6463-350-4_4

Thorsten, B., & Torre Augusto. (2006). The Basic Analytics of Access to Financial Services. *Financial Markets, Institutions and Instruments*.

Timur, A., Stia, P., & Jakarta, L. (2023). MSME Empowerment as the Key to Economic Awakening in Tangerang City. *Journal Of Public Policy and Applied Administration*, *5*(2), 2023.

Tran, H. T. T., Le, H. T. T., Nguyen, N. T., Pham, T. T. M., & Hoang, H. T. (2022). The effect of financial inclusion on multidimensional poverty: the case of Vietnam. *Cogent Economics and Finance*, *10*(1). https://doi.org/10.1080/23322039.2022.2132643

Tridewi, A. W., ISMAIL, M., & SUSILO, S. (2023). The Role of Banking in Reducing Poverty in 30 Indonesian Provinces. *International Journal of Environmental, Sustainability, and Social Science*, *4*(2), 356–363. https://doi.org/10.38142/ijesss.v4i2.380

United Nations Conference on Trade and Development. (2023). Promoting MSME Development and Entrepreneurship in and around Special Economic Zones in Africa. In *United Nations, Geneva*.

United Nations Development Programme. (2021). *Mapping successful financing strategies and models for MSMEs and informal sector enterprises , including support for their recovery and resilience in the context of the COVID-19 pandemic*. 1–67.

Valle, L., Costan, E., Costan, F., General, E., Alcantara, G., Kilat, R. V., Batican, I., Olivar, G. M., & Avila, D. (2022). Community extension MSME's entrepreneurial activities in relation to poverty reduction. *Frontiers in Sociology*, *7*. https://doi.org/10.3389/fsoc.2022.1038006

Wang, S., Cao, P., & Huang, S. (2022). Household financial literacy and relative poverty: An analysis of the psychology of poverty and market participation. *Frontiers in Psychology*, *13*. https://doi.org/10.3389/fpsyg.2022.898486

World Bank. (2023). Financial Inclusion: Lessons from World Bank Group Experience, Fiscal Years 2014–22. *Financial Inclusion: Lessons from World Bank Group Experience, Fiscal Years 2014–22*. https://doi.org/10.1596/ieg184011

Yap, S., Lee, H. S., & Liew, P. X. (2023). The role of financial inclusion in achieving finance-related sustainable development goals (SDGs): a cross-country analysis. *Economic Research-Ekonomska Istrazivanja* , *36*(3). https://doi.org/10.1080/1331677X.2023.2212028

Yu, Q., Aslam, S., Murad, M., Jiatong, W., & Syed, N. (2022). The Impact of Knowledge Management Process and Intellectual Capital on Entrepreneurial Orientation and Innovation. *Frontiers in Psychology*, *13*(May), 1–19. https://doi.org/10.3389/fpsyg.2022.772668

Yu, Y., & Huang, J. (2021). Poverty Reduction of Sustainable Development Goals in the 21st Century: A Bibliometric Analysis. *Frontiers in Communication*, *6*(October), 1–15. https://doi.org/10.3389/fcomm.2021.754181