



# FinTech in small and medium enterprises (SMEs): A review and future research agenda

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## ABSTRACT

FinTech and SMEs are gaining attention from scholars all over the world considering their growing significance. This study explores the current dynamics in the field of FinTech with reference to SMEs. This is done by examining 104 documents identified from Scopus and Web of Science databases in a systematic manner following PRISMA protocol. The study uses an amalgamation of systematic literature review and bibliometric and content analysis in a meticulous manner to trace the research progression. It identifies the influential authors, articles, sources, organizations, and countries contributing significantly to the research domain. It also focusses on examining research trends, mature as well as emerging research themes on the basis of content analysis and thematic mapping. This paper provides significant insights about prior research conducted in the field by identifying eight research clusters. It also proposes an integrated framework on the basis of extensive review of literature. The findings from the study would help scholars interested in the field to set the direction for their future studies. This study is of practical relevance for both SMEs as well as FinTech companies and also draws the attention of policy makers towards regulatory challenges.

## 1. Introduction

Financial technology, popularly known as FinTech, has transformed financial markets globally. It is an “umbrella term” that encompasses innovative financial solutions, start-ups providing those solutions, and traditional financial service providers (Puschmann, 2017). FinTech refers to emerging technologies and innovative business models capable of transforming the financial service industry. It is often described as disruptive technology because it threatens the existing structure of financial service providers by offering similar services but by exploring new technology (Clarke, 2019). Likewise, small and medium enterprises (SMEs) prominently act as a driving force in nation-building in almost all economies around the world, especially in developing and emerging markets, considering its contribution toward social and economic development (Savlovski & Robu, 2011). It is a sector of strategic interest (Ndiaye et al., 2018; Pawar & Sangvikar, 2019). According to the World Trade Organization Report (2016), SMEs constitute more than 90 percent of the total business, generate more than 60 percent of the employment, and provide for 55 percent of the GDP in developed countries. In emerging economies, formal SMEs (i.e., units registered under the law of land and are within the regulatory framework) provide for approximately 60 percent of employment and contribute 40 percent of GDP (Ndiye et al., 2018). These figures would be substantially higher

if informal SMEs (i.e., unregistered SMEs and are typically unregulated) are also taken into consideration. Moreover, SMEs can contribute significantly toward attainment of several sustainable development goals (SDGs) such as employment generation, income disparity reduction, and poverty alleviation, among others (OECD, 2017).

Despite their significant contribution toward the economy, SMEs have traditionally been underserved considering the bank's limited capabilities to assess their financial position. Moreover, after the global financial crisis, several regulations aimed at resilience of banks also resulted in the reduced flow of funds to the SME sector (Acharya et al., 2018; Cortés et al., 2020). FinTech firms stepped into this gap created by banks with respect to SME lending (Havrylychuk, Mariotto, Rahim, & Verdier, 2017; Mills, 2018; Wolfe & Yoo, 2018). However, the objective of FinTech is not merely to provide an alternative mode of financing. There is also a possibility that competition from FinTech platforms may prompt the banks to improve the services being offered to SMEs. Moreover, using technological innovation, banks will also be able to assess the risks better and thereby lend more and on appropriate terms. In this backdrop, the present study aims to understand the FinTech phenomenon with specific reference to SMEs using bibliometric surveys of the two leading academic databases (i.e., Scopus and Web of Science [WoS]). The study provides a state-of-art overview of the extant literature on FinTech with an exclusive focus on SMEs. Per Paul and Criado

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