

Financial Inclusion and Turnaround Time of Micro, Small and Medium Enterprises (MSMEs) in Southwest Nigeria

Dr. Babafemi David Ilori, Morounke Adeseye Ilori

Department of Entrepreneurship, School of Logistics and Innovation Technology, The Federal University of Technology, Akure, Nigeria

Abstract

Turnaround time, a crucial internal process and measure of the speed of delivering services to customers is widely recognized as a key performance indicator. Hence, the study investigated the effect of financial inclusion on turnaround time of MSMEs in Southwest Nigeria. The study surveyed MSMEs and Deposit Money Banks (DMBs) using structured questionnaire and multistage sampling technique. Data were analyzed using both descriptive and inferential statistics, with Partial Least Square-Structural Equation Modeling (PLS-SEM) used for inferential analysis. Descriptive findings showed that respondents generally agreed that financial inclusion of MSMEs enhances 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. Among the variables assessed- usage, quality, and access to financial services, usage had the strongest influence on turnaround time, followed by quality of service. The implication of this study to academic research is considerable. It will help enterprises in recognizing the nexus between financial inclusion and turnaround time, stressing the need for MSMEs to adopt new technologies to enhance service delivery speed. In conclusion, the study highlights that financial inclusion enhances MSMEs' turnaround time, reduces customer waiting time, and improves overall operational efficiency. The study recommends that MSMEs should adopt automated and diverse payment systems to improve service delivery and performance, while urging the government and financial institutions to improve access to efficient digital payment platforms to support smooth and efficient business transactions for MSMEs.

Keywords: digital payment systems; internal process; operational efficiency; service delivery speed; waiting time