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Effect of Firm Characteristics on Financial Inclusion in SME Sector in Sri Lanka: Evidence from North Central Province

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ABSTRACT :*Effective sources and uses of finance is one of the primary activities for the success of a business, where imprudent financing practices have been identified as a key constraint for the development of the SME sector. For instance, the empirical evidence suggests that uncertainties of the SMEs due tolack of skills and knowledgeable workers, economic fluctuations and financingcosts at firm level constitutes to het ride from proper access to formal financing. Therefore, current study strives to illuminate the SME sector with the aim of examining the effect of firm characteristics on financial inclusion. Thus, a sample of 278 valid observations has been used for the data analysis process.The correlation analysis results reflected a strong positive and significant relationship between the study phenomena. The sig. value for firm size, firm age and industry on financial inclusion appeared to be lower than the significance level; it stated that there is positive and significant effect of firm characteristics on financial inclusion. With the confirmed results of multiple regressions, ultimately it was found that SMEs' firm characteristics statistically and significantly effect on financial inclusion in the SME sector. Such findings offer various insights into the governmental bodies (e.g., in developing a public policy), the banking and financial institutions (i.e., in developing a lending strategy) as well as the SME owners (e.g., in developing financial know how) for the development of the SME sector.*

KEYWORDS - *Financial inclusion, Firm characteristics, SMEs*

I. Introduction

There is no universally accepted definition of financial inclusion. According to the definition by United Nations (UN) Millennium Development Goal Summit of 2010, financial inclusion is a "universal access, at a reasonable cost, to a wide range of financial services, provided by a variety of sound and sustainable institutions" [1]. While a study identifies three key dimensions that define financial inclusion in his study, namely financial products, features of financial products and delivery channels [2]. Furthermore, this study pointed out that financial inclusion requires provision of access to a range of financial products that goes beyond micro-credit to include savings, micro-insurance, payment facilities, remittances and money transfer. It also stresses the need for providing quality financial services at affordable prices in a convenient manner through a range of delivery channels including bank branches, non-bank institutions, and insurance companies. Financial inclusion concept has attracted much international attention in recent years. For instance, it has become a priority issue on many international policy agendas [3]. At earlier, in the period of 1980s and 1990s, most international attention was focused on micro-credit. After deriving the importance of other financial services, like savings and insurance, the focus has been shifted to a more holistic concept called microfinance [4, 5]. Although the spread of microfinance initiatives has been resulted huge expansion and growth over the past decade, still there is a considerable portion in households that are not having proper access to financial institutions. In order to address this issue, focusing on all those who are excluded in financial sector, the concept of financial inclusion is raised. Financial inclusion deemed to be the most useful frame of reference for considering how poverty might be reduced through the provision of financial services [6].

Small and medium-sized enterprises (SMEs) are generally considered to have lack of appropriate finance, because of their inherent internal facts and the limited finance sources [7, 8 and 9]. For example, 59% of SMEs in Sri Lanka find unavailability of finance as a barrier for the growth of their businesses [10]. Furthermore,a survey focusing on entrepreneurs in the SME sector revealed very strongly that the support received from financial institutions to start and grow their businesses was not satisfactory. According to male and female survey respondents from five districts (Moneragala, Batticaloa, Anuradhapura, Kurunegala and Matale), nearly 60 per cent disagreed or strongly disagreed with the statement that 'supports received from financial institutions were good' [11]. For instance, it revealed that among the SME entrepreneurs participated in that survey, only 34 per cent had obtained finance via bank loans or local-level finance companies – the majority (70 per cent) had raised capital from informal sources such as friends, relatives, neighbors, spouses, parents, children, siblings and also through pawning [11].

The financial aspects of SMEs have been influenced by several environmental, social and psychological factors [12]; however, the importance of firm and personal characteristics of those entities cannot be denied at their decision-making process. Numerous scholars have studies on SMEs owner-manager personal and firm characteristics with various concepts such as financial decision making [13, 14, and 15]. Among them, firm characteristics are highly affecting on SMEs' ability to access external finance [16]. Firm characteristics are traits or features specific to the firm which can affect positively or negatively the performance of the firm. Firm characteristics include factors such as the age of the firm, the size of the firm and the availability of collateral and business information. Mainly firm size, firm age and firm sector were identified as important variables under this category [16, 17]. Firm size and age which are more frequently employed in analysis found to be related to existing literature towards access to credit by SMEs in both developed as well as developing countries.

The purpose of this paper is to identify the effect of firm characteristics on financial inclusion through evidence from SMEs within the North Central Province in Sri Lanka. Therefore, the study addresses three major deficiencies in the extant literature to derive an argument on current study. First, there is very little work in the Sri Lankan context concerning the firm characteristics and financial inclusion of SMEs, and almost none about the effect on financial inclusion. Secondly, the willingness of SMEs to seek finance has not been widely considered in the literature. This is especially noteworthy given the gulf that exists between the operations and governance of small and large businesses. This was evidently proved through a study[18] noted that though many institutes, departments and authorities in the government are responsible in Sri Lanka to regulate, promote, provide guideline, rule and manage the SME sector, there are many hurdles that SMEs face. Third, the apparent consensus in past research has been that SMEs that do not seek finance do so because they do not need external finance and thus choose to rely on internal funds. This type of borrowing usually happens within social networks and the lender knows the borrower [19]. Meanwhile, it stated that a small firm is less concerned with formal systems and its decision-making process will be more judgmental, involving fewer individuals, and try to be quicker [20]. Therefore, there is a necessity to verify the concept of financial inclusion in SMEs, as there is a high possibility to go for informal sources of financing than formal [21]. Therefore, it is evident that as a remedy for the major constraint that faced by SMEs in emerging economies like Sri Lanka, they prefer informal finance to fulfill their business financial needs [22].

II. Empirical Review

This section presents the literature covering wide range of areas of information, findings and conclusions regarding the effect of firm characteristics on financial inclusion. The review will provide empirical aspects of areas to constructs relevant hypotheses to be tested and other immediate literature of relevance to the study.

2.1 Financial Inclusion

Financial inclusion has attracted much international plus national attention in recent years and has become a priority issue on many policy agendas in both levels [3]. In Sri Lanka, the idea that both pace and pattern of growth are critical for achieving a high economic growth that is sustainable as well as contributable to reduce poverty has now been recognized. According to the strategies for sustained growth and inclusive development in Sri Lanka, it noted that inclusiveness as a concept that encompasses equity, equality of opportunities and protection in market and employment transitions is an essential ingredient of any successful growth strategy [23]. It emphasizes the idea of equality of opportunities in terms of access to market, resources and unbiased regulatory environment for businesses and individuals.

Financial inclusion refers to the delivery of the financial system of an economy to its citizens [24]. It is a multi-faceted concept with different dimensions and some of the commonly used dimensions through which financial inclusion can be viewed as access to formal financial services, quality of financial services, usage of financial services and welfare component [25]. A study identified different dimensions of financial inclusion, namely financial access and financial usage, price of financial services, financial literacy/education and geographical isolation in relation with sub-Saharan Africa [26]. When achieving financial inclusion, both financial education and financial regulations are reflected to be most critical factors at present [27]. Financial literacy encompasses many concepts, such as financial awareness, knowledge, skills, and capability. Users of financial services should have the knowledge, skills, and awareness needed to make informed financial decisions [28]. Financial education enables individuals to develop awareness about the financial products and services available to them and helps them become familiar with the characteristics and details of such products [29]. Moreover, financial literacy helps borrowers to better assess their repayment capacity and thereby prevent them from over-borrowing. Financial regulation is another important factor for financial inclusion. In many countries, formal financial institutions, such as commercial banks, finance and leasing companies, and insurance companies, are governed by a regulatory framework, with the central bank in charge of banking regulation and other bodies, such as the insurance board, in charge of insurance regulations. However, the regulatory and supervisory frameworks for the microfinance institutions are often weak compared with those for formal financial institutions [30].

H_1: Firm characteristics have a positive effect on financial inclusion in SME sector within the North Central Province in Sri Lanka.

2.2 Firm Size

Financial inclusion has been greatly influenced by firm size as it would determine the survival and growth of SMEs where they are more intended to rely on more debt as compared to medium and large firms [12]. Abundant studies conducted by various scholars in different contexts [8, 31, 32, 33and 34] have shown that size is a significant predictor of financial inclusion. Firm's size also has a crucial weight on the debt proportion in the capital structure of the firm since real assets tend to influence the accessibility to long debt whenever required [35]. In practice, most of the large firms are tended to be well diversified in their operations since it will influence their stability; thereby size can be substituted for insolvency, thus size can be an inverse proxy for the probability of bankruptcy[36]. However, it is evidently proved that smaller firms face more difficulty toward getting formal finance because of their unstructured small business setups and less information in market [37]. A study find out that firm size impacts SMEs access to debt finance from commercial banks whereby small enterprises are less favored to large firms [16]. Moreover, a scholar argues that it may be relatively more costly for smaller firms to resolve information asymmetrieswith debt providers, since smaller firms may be offered less debt capital. It also emphasized that transaction costsare typically a function of scale and may be higher for smaller firms [38]. Accordingly, there is a hypothetical existence of a positive association between the firm size and SMEs access to finance.

H_{1a}: Firm size has a positive effect on financial inclusion in SME sector within the North Central Province in Sri Lanka.

2.3 Firm Age

The early stage and start-up firms show more interest in external finance because of limited personal resources. Yet, with the passage of time from start-up to early stage and then middle stage, owner-manager can source finance from retained earnings [12]. Firms at the early stage of operation used to experience more difficulties in access to debt finance because of informational disparities. For instance, a study showed that the lenders learns certain characteristics of borrowers over the years, and decide whether to grant credit according to the obtained information [39]. Thus, trade credit may play a significant role for younger firms that have not yet acquired a sufficient level of reputation, credit worthiness, and size, and therefore present low debt capacity. The longevity of the firm stays in operation, the more persistence to unpleasant economic circumstances [40]. A study discovered that, the firms with less than 5 years (younger firms) in operation are less likely to rely on debt financing from lenders as well as more on informal financing [41]. It also supported the same argument that younger firms face hardship and more costs in accessing external financing due to information asymmetry between the banks and firms [42]. Therefore, it is hypothetical existence of a positive relationship between firm's age and financial inclusion by SMEs.

H_{1b}: Firm age has a positive effect on financial inclusion in SME sector within the North Central Province in Sri Lanka.

2.4 Industry

The industry in which a firm operates does not influence the firm's capital structure directly but might do so indirectly through the composition and nature of the firm's assets [43]. Moreover, the study concluded that however the firm specific characteristics are more important than structural characteristics of industry and financial and strategy variables have far greater explanatory power than industry specific effects on the firm's operations. Few examples that examined the influence of various industries on financial aspects of SMEs: in the context of Australia concluded that service sector firms are less likely to use family loans, and family businesses in the manufacturing industry are less likely to use capital and retained profits [44]; finds that Ghanaian SMEs in the agricultural sector exhibit the strongest capital structure and asset structure or collateral value, while the wholesale and retail trade industry has the lowest debt ratio and asset structure [45]; revealed that the manufacturing industry is capital intensive and requires large investments in fixed assets derived from both debt and equity, while the retail sector needs relatively less short-term debt [46]; emphasized that the SMEs in retail trade non-food and food industries display higher debt ratios [47]. Consequently, it is hypothetically exists a positive impact between the firm's industry and access to financing by SMEs.

H_{1c}: Industry has a positive effect on financial inclusion in SME sector within the North Central Province in Sri Lanka.

III. Methodology

The study employed quantitative approach and adopted an explanatory survey research with the intention of explaining the occurrence of events to build and elaborate the existing concepts. Sri Lanka has more than 500,000 SMEs, each employing three to five persons on average. Taken together with other micro enterprises and SMEs that are not registered, an estimated 52 per cent of GDP comes from this sector [48]. Among them, 74% of the micro establishments have scattered in the rural areas, whereas around 50% of medium and 61% of large scale establishments were found in the urban areas. When referring to North Central Province which comprised of Anuradhapura and Polonnaruwa districts, the number of registered establishments in micro and small medium businesses is at very low level. It revealed that 45.7% small and medium enterprises were registered in Anuradhapura district while it was 42.2% in Polonnaruwa[49]. Since, there is no any updated official list of SMEs established and registered in the North Central Province, the population of this study seems to be questionable. Accordingly, the target population of this study would be approximately 2000 registered SMEs in the North Central Province [50]. The sample space would include 325 SMEs operating in two districts and disproportionate random stratified sampling technique was used at the process of segregation and stratification followed by the selection of subject randomly from each section or group to derive the sample size. The study utilized primary data derived from interviews using structuredquestionnaires.

3.1 Measurement of Variables

Financial inclusion scale was adopted through combination of scholarly work [3, 25, 26, 51 and 52]. A fifteen item instrument was developed on a five-point likert scale of 1 –5 (1 = strongly disagree to 5 = strongly agree).Firm size was measured from the information obtained from thequestion " No: of employees in your business”. The information was coded invalues such that 1 represented "0 - 5 employees ", 2 represented "5 – 15employees", 3 represented "15 - 30 employees" and 4 represented “Above 30to 50 employees". Firm age was measured from the information obtained from thequestion "Your experience in SME sector". The information wascoded in values such that 1 represented "Less than 5 years", 2 represented "5 - 10 years", 3 represented "10 - 15 years", 4 represented "15 - 20 years" while 6represented “Above 20 years".Finally the industry was measured from the information obtained from thequestion "Which sector your business belongs to?”. The information was coded invalues such that 1 represented "Industrial and Construction ", 2 represented "Trade" and 3 represented "Services".

3.2 Data Analysis

Data was analyzed using descriptive statistics such as mean, standard deviations and skewness for firm age, firm size, industry and financial inclusion. Inferential analysis which included Pearson correlation and multiple regressions were used to test all hypotheses required for this study and the applicable regression model is given as follows;

$$FI = \beta_0 + \beta_1 FS + \beta_2 FA + \beta_3 ID + \varepsilon \quad (1)$$

β_0 = Constant affecting firm characteristics on financial inclusion
$\beta_1, \beta_2, \beta_3$ = Regression coefficients
FI = Financial Inclusion
FS = Firm Size
FA = Firm Age
ID = Industry
ε = Error term

IV. Findings

This section describes the results generated from various tests on collected data to exhibit whether the created hypotheses which have been used to answer the research questions can be accepted or not. Though sample of the study included 325 SMEs, depending on the completeness of the questionnaire filled by respondents, only 278 valid observations have been employed to the data analysis process.

4.1 Descriptive Analysis

The findings in Table 1 depicts that majority of SMEs in sample space are small sized firms since their mean value is in $\bar{x}$ = 2.5710 which represents that they have few employees ranging from 5 to 15. It is also observed that majority of SMEs are young firms in between 5 to 10 years with reported mean value in firm age 2.7473. Furthermore, the sample is consisting with more trade businesses than industrial and service businesses at the consideration ($\bar{x}$ = 2.8109). In addition to that, the study represented a high standard deviation which indicates that the data points spread out over a wider range of values to the mean of the data set, thus identically reliable (e.g., for firm size $\bar{x}$ = 2.5710 and σ = 0.78578 where the distance is widely spread out between two numbers).

Finally, all the variables in the study are positively skewed which indicated that the distribution is with the tail on its right side, where values of skewness are greater than zero. Since all are in between -0.5 and 0.5; it can be stated that the data are fairly symmetrical.

Table 1: Result of Descriptive Statistics

Variables	Mean	Std. Deviation	Skewness	
			Statistic	Std. Error
FS	2.5710	.78578	.307	.146
FA	2.7473	.69601	.082	.146
ID	2.8109	.88768	.211	.146
FI	2.7781	.46725	.526	.146

Source: Research Data

4.2 Correlation Analysis

Table 2 conveyed the relationship of each single independent variable with dependent variable. All the values for correlation coefficient (*r*) in the study have reported positive correlation where one variable moves in a positive direction and so does the other. When referring to significance test results, all values represent .000 which is lower than the acceptable significance level of 0.01. It implies that all variables in the consideration have positive and statistically significant relationship with each other. Similarly, if the coefficient value lies between ± 0.50 and ± 1, then it is said to be a strong correlation with high degree of relationship. As per the results of Table 2, all independent variables depict a high degree of positive relationship with financial inclusion at large.

Table 2: Result of Correlation Analysis

	FS	FA	ID	FI
FS	1			
FA	.639** .000	1		
ID	.510** .000	.727** .000	1	
FI	.693** .000	.677** .000	.694** .000	1

**. Correlation is significant at the 0.01 level (1-tailed).

Source: Research Data

4.3 Multiple Linear Regression Analysis

Multiple linear regression analysis is essentially similar to the simple linear model, with the exception that multiple independent variables are used in the model. As per the results showed in Table 3, the R^2 value, which indicates 64.4% (0.644) of the total variation in the dependent variable; financial inclusion can be explained by all variables namely firm size, firm age and industry, indicating a high explanatory power at good level. Adj. R-square value shows a very little decrease of 0.004 from R^2, implies that a predictor improves the model by less than expected by chance while there is 64% of proportion of variation explained by those two variables and the rest 36% would be explained by other variables which have not been considered when designing the study. Furthermore, the Durbin-Watson statistic with agreeing the rule of thumb in the range of 1.5 to 2.5, has reported 1.968, which means that there is no autocorrelation detected in the sample.

Table 3: Result of Multiple Linear Regression Analysis

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.093	.151		7.262	.000
FS	.342	.039	.410	8.723	.000
FA	.116	.052	.132	2.242	.026
ID	.312	.042	.389	7.372	.000

R-square	0.644
Adj. R-square	0.640
Durbin-Watson	1.968
F Value	165.013
Sig.	0.000[a]
a. Dependent Variable: FI	

Source: Research Data

The ANOVA results presented in Table 3 pointed out that the F ratio, which is the ratio of two mean square values, is 165.013 while sig. = 0.000 which is less than 0.05, by ensuring that overall, the regression model statistically significantly predicts the outcome variable of financial inclusion or confirms the model fitness statistically. When substitute the coefficientsto multiple regression line following equation 2 can be developed.

FI = 1.093 + 0.342FS + 0.116FA + 0.312ID (2)

The unstandardized beta (*B*) values with positive sign interpret both the predictor variable and the dependent variables are driven in the same direction. It means that when firm size increases by one unit, the dependent variable as financial inclusion increases by 0.342 units while firm age increases by one unit, financial inclusion would be increased by 0.116 units. Similarly, when industry increases by one unit, financial inclusion may increase by 0.312 units. Ultimately, to test the developed hypotheses in the current study, the p values have been considered at the decision rule of 0.05. In the study, the sig. value for all independent variables on financial inclusion shows $p < 0.05$ where it emphasized a positive and significant effect on financial inclusion. With the confirmed results of multiple regressions, since there is positive and significant relationship in all variables namely firm size, firm age and industry, it can be concluded that firm characteristics have significant effect onfinancial inclusion in SME sector within the North Central Province of Sri Lanka.

Consistent with the results, a study confirmed that the size and age of the firm were found to have an influence on funding. Moreover, the startup business and very young firms (below 3 years) were found to have a major setback in accessing credit especially because of lack of collateral and information opacity. He also emphasized that smaller firms also experienced the same difficulty and were found to provide inadequate information to enable them access credit [53]. The results of another study as well demonstrated that there is interdependence and significant relationship between the firms' characteristics (location, industry, size, incorporation, age, size, availability of business information and collateral) and access of debt to financing by SMEs [54]. Similarly, it identified firm size as a key determinantof access and use of financial services [55]. Small firms generate small amounts ofincome, and more often than not, they are less networked in comparison witholder firms [56]. However, with the recent developments in technology, mobile financial services haveremoved the physical bureaucratic and financial barriers thatdiscriminates firms by their physical profile. Therefore, financial inclusion hasexpanded to the previously excluded SMEs regardless of their profile [57]. In contrast to existing results, the findings revealed a negative and significant effect of firm age on financial inclusion. The results of negative effect are also in line with previous findings which found firm age as an important determinant in the access and use of formal financial services [56, 58]. Equally, a study which examined the impact of firm and entrepreneurial characteristics on access to debt finance by SMEs in South Africa, comprised with age, size, collateral, business information, location and industry indicated that there is an impact on access to debt finance by SMEs. However, when comparing the impact of both firm and entrepreneurial characteristics, the significant p-values reported with entrepreneurial characteristics exhibited strong significance than firm level [16]. A study compatible with current investigation that examined the attitude for inclusive finance: influence of owner-managers' and firms' characteristics on SMEs financial decision making in Pakistan revealed that personal characteristics are dominant over firm characteristics. It implies that firm size, age and type not significantly moderate the relationship between owner-manager attitude and their financial decision making [12]. However, the personal characteristics (gender, age, education and experience) moderate the relationship between owner-manager attitude and their financial decision making.

V. Conclusion And Recommendation

This study mainly examined the effect of firm characteristics towards financial inclusion into consideration in SME sector within the North Central Province of Sri Lanka. The study adopted the quantitative approach and carried out as an explanatory type research. The study was mainly based on primary data which have been collected through self-administrated questionnaire by having interviews with 325 respondents in the North Central Province of Sri Lanka. The questionnaire consisted with the questions which addressed the concepts of financial inclusion and SMEs firm characteristics separately. Though the sample space included 325 SMEs operating in two districts which were belonged to North Central Province namely Anuradhapura and

Polonnaruwa, only 278 valid observations have been employed to the data analysis process. Basically to draw a better conclusiondescriptive statistic, correlation analysis and regression analysis were conducted and hypotheses testing were carried out by using multiple linear regression analysis techniques. It was revealed in the results that the relationship of each single variable with dependent variable, it reflected a positive significant relationship in correlation analysis with high degree. The sig. value for firm size, firm age and industry on financial inclusion appeared to be greater than the significance level; it stated that there is positive and significant effect of firm characteristics on financial inclusion. With the confirmed results of multiple regression, ultimately it was found that SMEs' firm characteristics statistically and significantly effect on financial inclusion in the SME sector. Consequently, all the hypotheses in current study were supported with the findings. Therefore, it can be concluded that there is an effect of firm characteristics on financial inclusion in SME sector within the North Central Province of Sri Lanka at large.

The findings of this study carry important recommendations for governmental bodies, national and international development organizations which work toward SME sector development. The government, by joining with the private sector, can play an important role in supporting the SME sector, in particular, in cases of market failures and incomplete markets that inhibit the provision of adequate financing or financing on terms suitable for the stage of SME development in a country like Sri Lanka. This would help in creating an enabling environment for the SME sector, entrepreneurship and innovation; an enabling environment that provides, among other things, political stability and security. This also boosts the investors' confidence. There also should be a public policy to improve awareness among entrepreneurs of the range of financing options available from official programs and private investors. Lack of proper knowledge of the available financial services blocks many entrepreneurs from advancing. Moreover, government measures to promote SMEs should be carefully focused, aiming at making markets work efficiently and at providing incentives for the private sector to assume an active role in SME finance. In addition, results of current study will be helpful for specialized institutions such as Sri Lanka Chamber of Small and Medium Industries (SLCSMI) and other specialized organizations working for the growth and development of SME sector. Finally, it is important not to misconstrue the implications of the findings of this study in terms of government policy with respect to support for female owned and managed SMEs. Further, the results are relevant to banking and other non-banking or financial institutions that provide financing as well as want to attract SMEs owner-managers toward financial products. In line with the objective, the study has established that firm characteristics towards financial inclusion are positively related which implies that an increase in any of these variables significantly increases the level of financial inclusion in the province. This suggests that the banks and financial institutions should support expansion of delivery channels for range of products and service by them that reach out to marginalized and unbanked areas, without increasing banks costs. This would encourage innovations such as agency banking and mobile banking to be adopted as a way of increasing access to financial products by the populace. Moreover, to enhance the awareness and usage with financial inclusion the banks and financial institutions can organize promotion campaigns, awareness programs while at the same ensuring that the system does not work against the anti-money laundering framework, which can destabilize the whole financial system. At the same time, since current study indicated the importance of firm characteristics; these entrepreneurs need to establish linkages with their partners in the business and with the lending institutions or networks that could help them to build their knowledge on financial services available, on management of funds and other business skills.

Future research in the area of SMEs can identify and examine various other attitudinal factors which influence the behavior of owner-manager toward the adoption of formal financial products. Moreover, there is also need to elaborate the usage and popularity of informal finance among SMEs, particularly in developing countries like Sri Lanka. From a methodological point of view, future research could test a new research model using a qualitative (rather than a quantitative) survey instrument. Such an approach would increase the sample size and improve the generalizability of the findings. Future research could also replicate and validate the findings using another experimental design, for example, longitudinal research, rather than a cross-sectional design. Longitudinal research would allow the tracking of SME decision-makers' actions, over time, and provide more extensive data regarding those factors that influence their decision making aspects associated with financial inclusion. Geographically, current study selected the respondents from only one province of Sri Lanka; however, there is need to examine the financial behavior of SMEs owner-manager in other provinces of Sri Lanka as well as in other countries.

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