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Revamping the Role of SMEs' Digital Financial Management Through Islamic Fin-Tech in Borama

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ABSTRACT

Small and Medium-sized Enterprises (SMEs) play a vital role in economic growth, particularly in developing countries like Somalia. However, SMEs often encounter financial obstacles due to limited access to conventional banking services adhering to Islamic principles. This study aims to examine the potential of Islamic Fin-Tech in bolstering Digital Financial Management among SMEs in Borama. Methodologically, the study utilizes quantitative data analysis methods, specifically multiple regression, to examine survey data gathered through purposive sampling. The data is obtained from a total of 2254 small and medium enterprises (SMEs) situated in Borama. Demographic data, including gender, education, occupation, and firm types, are examined alongside the duration of utilizing Islamic fintech solutions. Assumption tests such as normality and multicollinearity tests are conducted to ensure the reliability of the regression model employed. The results indicate a significant adoption of Islamic fintech solutions among SMEs, particularly in recent years. While variables such as Service Accessibility and Digital Banking do not show significant impacts on Digital Financial Management (DFM) due to the internet shortage, SMS Banking and E-Wallet emerge as influential factors that positively affect SMEs' digital financial management performances. Hypotheses testing confirms the significance of SMS Banking and E-Wallet in predicting DFM. The implications of these findings highlight the importance of E-Wallet services and SMS banking in enhancing SMEs' digital financial management. These insights offer valuable implications for financial institutions and policymakers to develop strategies aimed at improving SMEs' digital financial management practices. The study requires for further research to explore additional variables and deepen the understanding of factors that influence SMEs' digital financial management. By understanding the transformative potential of Islamic Fin-Tech, stakeholders can collaborate on designing and implementing measures supporting SMEs, driving economic growth, and aligning with Islamic finance principles. Embracing technological advancements like digital banking and SMS banking can help SMEs overcome financial hurdles and amplify their contributions to economic development.

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1. INTRODUCTION

Digital Financial Management (DFM) refers to the use of digital tools and technologies to manage financial activities efficiently, securely, and effectively (Mujaahid et al., 2023). It encompasses a wide range of processes and activities related to finance, including budgeting, accounting, payments, investments, and financial reporting (Budiasih, 2024). DFM leverages advancements in information technology, particularly digital platforms, software applications, and electronic communication channels, to streamline financial operations and improve decision-making (Amin & Ramayah, 2010). In recent years, the landscape of financial services has been significantly transformed by the advent of FinTech (Financial Technology) solutions, and this revolution has not excluded Islamic finance. Islamic FinTech, also known as Islamic financial technology, refers to the application of technology-driven solutions within the framework of Islamic finance principles, catering to the needs of Muslim consumers who seek Shari'ah-compliant financial products and services (Gulrez, 2020). Small and Medium Enterprises (SMEs) play a vital role in the economic development of many countries, contributing to job creation, innovation, and overall economic growth. However, SMEs often face challenges related to financial inclusion and access to funding, hindering their potential for expansion and growth. In this context, the integration of Islamic FinTech solutions holds promise for addressing some of these challenges and enhancing the Digital Financial Management of SMEs. This research aims to investigate the impact of Islamic FinTech practices on the Digital Financial Management of SMEs. By focusing on various Islamic FinTech tools, such as E-wallets, digital banking, service accessibility, internet banking, and SMS banking, the study seeks to shed light on how these technologies can influence SMEs' financial outcomes positively.

E-wallets have gained popularity in the financial sector due to their convenience, security, and ease of use. The utilization of E-wallets by SMEs could lead to improved financial efficiency, reduced transaction costs, and enhanced customer satisfaction (Padiya & Bantwa, 2021). It is important to explore whether E-wallet adoption impacts key Digital Financial Management indicators, such as revenue growth, profitability, and liquidity, for SMEs. Digital banking, another essential component of Islamic FinTech, involves the provision of banking services through digital channels. The convenience and accessibility of digital banking services may positively affect SMEs by streamlining financial operations and facilitating faster transactions (Amanda & Sudrajad, 2023). Examining the effect of digital banking on SMEs' Digital Financial Management could provide valuable insights for policymakers, financial institutions, and SMEs themselves. Service accessibility is a critical aspect of Islamic FinTech practices. The ability of SMEs to access financial services seamlessly can significantly impact their growth and competitiveness. By assessing how service accessibility affects SMEs' Digital Financial Management, this study aims to highlight the importance of promoting inclusive and easily accessible Islamic FinTech solutions for SMEs. Internet banking has revolutionized how businesses conduct financial transactions, and SMEs can benefit from this technology by experiencing improved efficiency and cost savings (Gogia & Chakraborty, 2022). Understanding the impact of internet banking on SMEs' Digital Financial Management will contribute to the broader discourse on digital financial inclusion and its implications for economic development. SMS banking, as a mobile-based banking solution, provides SMEs with real-time access to financial information and transaction capabilities. The ease of use and mobility offered by SMS banking can empower SMEs in managing their finances more effectively (Goldsmith & Leger, 2020). Investigating the effect of SMS banking on SMEs' Digital Financial

Management will provide valuable insights into the potential of mobile-based FinTech solutions for SMEs.

In Somalia, where the traditional banking infrastructure is limited, fintech has emerged as a promising solution to bridge the financial inclusion gap (Aliqulova, 2023). With the rise of mobile phone penetration and digital advancements, fintech startups have been able to offer accessible and affordable financial services to the unbanked and underbanked population. One of the most significant fintech developments in Borama. Furthermore, Borama is a city in the Awdal region of Somalia, serving as its capital. Located near the Ethiopian border, Borama is known for its vibrant educational scene, being home to Amoud University, one of the oldest and most prestigious higher education institutions in the region. The city has a rich history and is characterized by its diverse population and cultural heritage. Economically, Borama thrives on agriculture, trade, and remittances from the Somali diaspora, making it a significant urban center in northern Somalia (Aliqulova, 2023). Besides, it is the widespread adoption of mobile money services. Companies like Hormuud Telecom's EVC Plus and Telesom's Zaad have gained immense popularity, enabling millions of Somalis to conduct transactions, make payments, and send remittances using their mobile phones. According to a World Bank report, Somalia has one of the highest mobile money adoption rates globally, with more than 70% of adults using mobile money services (Mohamed & Nor, 2021). Fintech startups in Borama. are working towards digitizing payments and transactions. For instance, platforms like EVC Plus and eDahab facilitate cashless transactions, allowing users to pay for goods and services electronically. This has the potential to reduce reliance on cash, improve security, and boost financial inclusion (Mohamed, 2023). Remittances are a crucial income source for households in Borama. in addition, fintech companies like Dahabshiil and Kaah have made the process faster, secure, and cost-effective. Fintech has also played a significant role in enhancing financial inclusion in Borama. by providing access to formal banking services, savings accounts, and credit facilities, benefiting the unbanked population (Mohamed & Nor, 2021).

The Central Bank of Somalia has taken steps to promote fintech growth through regulatory measures while ensuring consumer protection and financial stability (Central Bank of Somalia, 2018). Despite rapid growth, fintech in Borama.faces challenges related to cybersecurity, regulatory compliance, and infrastructure limitations. Borama.as the main of the Awdal region, is an economic hub driven by SMEs. ranging from small retail shops to medium-sized manufacturing units and service providers ((Harney, 2021). Having these types of businesses play a significant part in the economic prosperity and the greater development of Somaliland (M. Abdi, 2018). Nevertheless, there are some challenges that SMEs in Borama are facing, including limited access to finance, inadequate infrastructure, and a lack of skilled labor (Wellalage & Locke, 2017).

The study discusses the challenges of accessing Internet Banking in Borama. due to intricate and changing factors (Qayad & Tarsitani, 2017). Remote or rural areas face difficulties in accessing financial services due to inadequate infrastructure. Additionally, insufficient legal frameworks and high transaction costs are barriers for many, especially financially underprivileged individuals. Lack of financial literacy and cultural barriers, such as gender norms and social stigma, further impede access to financial services (Thohari & Rizky, 2021). The research aims to fill a gap in the literature by investigating the impact of Islamic FinTech on the Digital Financial Management of SMEs. The study will examine various factors such as E-wallets, digital banking, service accessibility, internet banking, and SMS banking on SMEs and provide evidence-based recommendations for policymakers, financial institutions, and SME owners to leverage the benefits of Islamic FinTech and promote SME growth and sustainability. The background of the study reveals existing research on the impact of Islamic FinTech on SMEs' Digital Financial Management globally, regionally, and locally. Although various factors have been identified as influential, there are still discrepancies in findings, highlighting the need for further research. Therefore, this study aims to address this gap specifically in Borama.

In Somalia the Regulatory Technology (RegTech) is gaining prominence in the field of Islamic banking, where adherence to both global financial regulations and Shariah principles is mandatory (Hidajat, 2020). The Shariah principles encompass restrictions on interest-based transactions (riba) speculative dealings (gharar), and investment in prohibited industries (haram), such as alcohol and gambling (Hassan et al., 2013). RegTech solutions offer automation and streamlining of compliance processes, thereby ensuring the adherence of all transactions and financial products to these principles. For example, continuous transaction monitoring tools can identify non-compliant activities, while blockchain technology can facilitate the establishment of smart contracts that enforce Shariah-compliant terms and conditions automatically (Hussain et al., 2020; Al-Hunnayan, 2022).

Furthermore, RegTech plays a crucial role in promoting transparency and accountability within Islamic banking operations, which is vital for establishing trust with regulators and customers. Advanced data analytics and artificial intelligence can proactively identify and prevent compliance issues by analyzing patterns and trends in financial data. (Faizin & Djayusman, 2023) Additionally, customized tools for Know Your Customer (KYC) and Anti-Money Laundering (AML) checks are indispensable in combatting fraud and illicit activities in Islamic finance. Developing these solutions requires collaboration with Shariah scholars and experts to address the unique aspects of Shariah compliance (Hassan et al., 2019; Mohammed et al., 2021). However, integrating these technologies into existing banking infrastructure and ensuring regulatory acceptance pose significant challenges that must be overcome for the successful implementation of RegTech in Islamic banking.

To address this issue and revamp the role of SMEs' Digital Financial Management, this research aims to investigate the impact of Islamic fintech practices on Borama's SMEs. Specifically, the study will explore the influence of E-wallets, digital banking, service accessibility, internet banking, and SMS banking on the Digital Financial Management of SMEs in the region.

Previous studies have shown that the adoption of E-wallets positively affects SMEs' Digital Financial Management. For instance, Chen (2021) found that SMEs using E-wallets experienced increased efficiency in transactions, reduced operational costs, and improved cash flow management. However, these studies were conducted in other regions and may not fully capture the unique context and challenges faced by SMEs in in Borama. The impact of digital banking on SMEs has been investigated in various studies. Ramankutty and Ananduraj (2022) reported that digital banking services have the potential to enhance financial inclusion and facilitate SMEs' access to credit and other financial products. Nonetheless, such studies may not have focused on the specific context of Islamic fintech practices and their implications for SMEs in Borama. The accessibility of financial services is a critical factor for SMEs' growth and sustainability. According to Woldie et al. (2018), improved accessibility to financial services positively correlates with increased investment and business expansion for SMEs. However, the research gap lies in understanding how Islamic fintech practices, particularly in Borama , influence service accessibility for SMEs. Internet banking has revolutionized the way businesses conduct financial transactions. Studies by Padachi et al. (2021) have shown that SMEs' adoption of internet banking leads to improved financial management and operational efficiency. Nonetheless, there is a lack of research focusing on the potential impact of internet banking on the Digital Financial Management of SMEs in an Islamic finance context in Borama. SMS banking has emerged as a cost-effective means of delivering financial services to SMEs. Research by Asongu et al. (2018) revealed that SMEs benefit from timely notifications and access to financial information through SMS banking. However, the specific impact of SMS banking within the Islamic fintech framework on SMEs in Borama has not been adequately studied.

The existing literature provides valuable insights into the impact of various fintech practices on SMEs' Digital Financial Management. However, there is a significant research gap when it comes to the specific context of Islamic fintech practices in in Borama, while studies from other regions offer valuable general findings, they may not fully capture the unique challenges and opportunities faced by SMEs in Borama, where Islamic finance principles and cultural factors play a crucial role in shaping financial behaviors. Additionally, while digital banking and Internet banking have been studied in the context of SMEs, there is a lack of research focusing specifically on their impact on SMEs in Borama, Somalia. The accessibility of these services in the region and their alignment with Islamic principles require further investigation to understand their potential to enhance SME Digital Financial Management. Furthermore, SMS banking, a form of mobile banking that could be a vital tool for SMEs in regions with limited internet access, remains largely unexplored in the context of Borama, Somalia. Investigating its effects on the Digital Financial Management of SMEs can shed light on its relevance and potential benefits for these businesses.

The proposed research addresses this research gap by examining how Islamic fintech practices, including E-wallets, digital banking, service accessibility, internet banking, and SMS banking, impact the Digital Financial Management of SMEs in Borama.This study will contribute to the existing body of knowledge by providing context-specific insights into the potential of Islamic fintech to revamp the role of SMEs' Digital Financial Management in the region. By understanding the unique challenges and opportunities in Borama, policymakers and stakeholders can develop targeted strategies to foster SMEs' growth and economic development in this Islamic finance-driven environment.

The significance of this study investigating the impact of Islamic fintech practices on the digital financial management of SMEs in Borama city extends to various stakeholders, including the government, policy makers, fintech institutions, SMEs, and scholars.

This study focused on businesses owners that utilize Islamic fintech practices within small and medium-sized enterprises in Borama. Due to limited previous studies conducted on SMEs in Borama, the study drew upon research conducted in other countries. The study was conducted over a period of six months, from January 2023 to June 2023, allowing respondents ample time to engage with the study. The scope of this study was limited to SMEs operating in Borama.

2. LITERATURE REVIEW

The objective of this chapter is to conduct a comprehensive literature review that combines empirical and theoretical perspectives, aiming to explore the impact of Islamic fintech solutions for revamping SMEs Digital Financial Management. Through empirically analyzing of existing studies, this chapter will examine E-wallet, and digital banking, service accessibility, internet banking, SMS banking offered by these solutions in various perspectives and giving research gaps at the end of each objective. It will also develop key concepts and provide conceptual frameworks related to Islamic fintech. By synthesizing the findings from the literature review, this chapter will contribute to a robust understanding of the benefits, challenges, and transformative potential of

Islamic fintech solutions for SME's development in Borama.

In Africa, Zimbabwe, the use of E-wallets has gained prominence in recent years, especially within the context of Islamic fintech practices. Studies have shown that the adoption of E-wallets by Small and Medium Enterprises (SMEs) has a positive impact on their Digital Financial Management. According to Moyo and Mpofu (2019), SMEs that integrate E-wallets into their operations experience improved cash flow management, reduced transaction costs, and enhanced customer satisfaction. This convenience in digital payments facilitates efficient business transactions, leading to increased productivity and overall Digital Financial Management for SMEs in Zimbabwe. The advent of digital banking in South Africa has reshaped the landscape of financial services, and SMEs have also benefitted from this transformative technology. According to Van-Scheers (2016), SMEs adopting digital banking solutions experience improved Digital Financial Management. Digital banking allows SMEs to access a wider range of financial products, faster transaction processing, and better financial record-keeping. This increased access to financial services contributes to the growth and sustainability of SMEs in South Africa.

In Kenya, the accessibility of services plays a crucial role in determining the Digital Financial Management of SMEs within the Islamic fintech framework. A study by Hasan (2023) reveals that SMEs located in areas with better access to financial services, particularly Islamic fintech solutions, experience higher levels of Digital Financial Management. Improved accessibility allows SMEs to access credit facilities, manage cash flows effectively, and make timely payments, which positively impact their overall financial health. Internet banking has emerged as a vital component of the financial ecosystem in Ghana, and its impact on SMEs' Digital Financial Management has been a subject of interest. According to Srinivasarao (2020), SMEs that adopt internet banking experience improved financial efficiency and operational effectiveness. Internet banking enables SMEs to carry out transactions conveniently, access real-time financial data, and make informed decisions, leading to better Digital Financial Management and competitive advantage. SMS banking has gained popularity as a convenient channel for financial transactions among SMEs.

A study conducted by Ekpo (2017) highlights that SMS banking significantly affects the Digital Financial Management of SMEs. By providing timely notifications, balance updates, and transaction alerts, SMS banking helps SMEs in Nigeria manage their finances better, reduce instances of late payments, and maintain healthy cash flows. In Uganda, the integration of E-wallets into Islamic fintech practices has positively impacted SMEs' Digital Financial Management. According to Magaji et al. (2017), SMEs that utilize E-wallets experience increased efficiency in financial transactions, reduced paperwork, and enhanced transparency in financial reporting. These factors contribute to improved Digital Financial Management and the overall growth of SMEs in Nigeria. The effect of digital banking on SMEs' Digital Financial Management in Zimbabwe has been a topic of interest in recent research. SMEs adopting digital banking solutions experience improved cash flow management, reduced operating costs, and increased financial security. These advantages enable SMEs to achieve better Digital Financial Management and sustainable growth. The accessibility of Islamic fintech services has played a pivotal role in influencing the Digital Financial Management of SMEs (Srinivasarao, 2020). SMEs located in areas with better access to Islamic fintech solutions experience increased financial inclusion, access to credit, and streamlined financial operations. This enhanced accessibility contributes to the overall Digital Financial Management and competitiveness of SMEs (Mutamimah & Indriastuti, 2023). Internet banking has transformed the way SMEs conduct their financial operations. SMEs that embrace internet banking experience improved financial management, reduced transactional delays, and better cost control. This efficiency in financial operations leads to enhanced Digital Financial Management and sustainable growth for SMEs (Lee, 2022). SMS banking has emerged as a popular means of conducting financial transactions for SMEs in Congo. According to Woldie et al. (2018), SMEs that adopt SMS banking benefit from increased financial accessibility, timely notifications on transactions, and improved cash flow management. This convenience and accessibility lead to enhanced Digital Financial Management and competitiveness for SMEs in Congo.

Globally and to be more specific in the UK, researchers conducted a study on the utilization of E-wallets among SMEs. They found that the adoption of E-wallets positively impacts Digital Financial Management by streamlining payment processes, reducing transaction costs, and improving cash flow management (Aydin, 2016). A research paper by Aisyah and Umami (2022) in Europe explored the effect of digital banking on SMEs. The study revealed that SMEs integrating digital banking solutions experienced improved efficiency in financial operations, leading to enhanced profitability and growth. Middle Eastern scholars investigated the influence of service accessibility on SMEs' Digital Financial Management. They discovered that improved access to Islamic FinTech services, such as mobile banking and payment platforms, positively affected SMEs' profitability and competitiveness (Aisyah & Umami, 2022). In the Kingdom of Bahrain, a study analyzed the impact of Internet Banking on SMEs. The findings demonstrated that SMEs leveraging Internet Banking services showed increased financial efficiency and were better equipped to seize business opportunities (Al-Soufi, 2013).

Moving to Serbia, Ravic and Obradovic (2017) conducted research on the effect of SMS banking on SMEs. Their study indicated that SMS banking played a vital role in enhancing communication between SMEs and non-financial institutions, leading to better financial decision-making and performance. In Bahrain, a comprehensive study by Rabbani et al. (2021) evaluated the overall impact of Islamic FinTech practices on SMEs. The research revealed that SMEs embracing Islamic FinTech solutions experienced improved financial stability, enhanced customer trust, and increased access to capital. Researchers have examined the influence of E-wallet adoption on SMEs' Digital Financial Management. For instance, Heryanto and Leng, (2022) found that SMEs that embraced E-wallets experienced increased efficiency in financial transactions, reduced operational costs, and improved customer satisfaction. In contrast, study by Tanoto, (2021) suggested that while E-wallets enhanced payment convenience, their impact on SMEs' Digital Financial Management was inconclusive due to challenges related to security and trust.

Fintech Adaptation for A Dynamic World

The pivotal role of fintech adaptation in navigating the complexities of today's interconnected and ever-changing financial environment is of utmost importance. As traditional banking models undergo seismic shifts, driven by digital disruption and evolving consumer preferences, there is an imperative need to embrace fintech solutions.

Studies in Indonesia conducted by Nurfitria et al. (2023) revealed that SMEs utilizing digital banking services witnessed improved access to credit facilities, streamlined financial management, and better risk mitigation, resulting in enhanced Digital Financial Management. Similarly, research by Mariana-Mariana-Puente et al. (2023) in Ecuador demonstrated a positive relationship between digital banking adoption and SMEs' profitability, highlighting the importance of digitalization in enhancing financial outcomes. In Europe, studies by Písař (2019) emphasized the role of service accessibility in shaping SMEs' Digital Financial Management. Increased access to Islamic FinTech services, such as Sharia-compliant loans and investment options, positively influenced SMEs' growth and financial stability.

However, contrasting results were observed in a study by Srinivasarao (2020) in the United States, which found that service accessibility had a weaker impact on SMEs' Digital Financial Management compared to other factors. Researchers in the UK have investigated the impact of internet banking on SMEs' Digital Financial Management. Aisyah and Umami (2022) found that internet banking facilitated real-time financial monitoring, enhanced liquidity management, and accelerated payment cycles, positively affecting SMEs' profitability and overall financial health. Studies in the Middle East have examined the relationship between SMS banking and SMEs' Digital Financial Management. Ucler and Uysal (2017) reported that SMS banking services provided quick access to financial information and improved transaction efficiency, contributing to SMEs' Digital Financial Management improvement.

In their study conducted in Malaysia, Yeng et al. (2015) examined the influence of E-wallet adoption among Small and Medium Enterprises (SMEs). The researchers employed a mixed-method research design, combining both qualitative and quantitative approaches. The qualitative phase involved in-depth interviews with SME owners and managers, while the quantitative phase included a survey distributed to a sample of SMEs across various industries. The findings revealed that the adoption of E-wallets positively impacted the Digital Financial Management of SMEs. SMEs that embraced E-wallets experienced increased customer convenience, faster transactions, and improved cash flow management. Consequently, these firms exhibited higher profitability and growth rates compared to their counterparts who did not adopt E-wallets. However, the researchers identified a research gap in the limited exploration of potential barriers to E-wallet adoption and the need for further investigation into the long-term sustainability of this fintech practice among SMEs in Malaysia.

Another study conducted in Malaysia, Apriani and Endah-Retno-Wuryandari (2023) examined the influence of E-wallet adoption among Small and Medium Enterprises (SMEs) in the Islamic fintech context. The research followed a mixed-methods approach, combining qualitative interviews with SME owners and managers and quantitative data analysis of Digital Financial Management indicators. The study revealed that the adoption of E-wallets had a positive impact on the Digital Financial Management of SMEs. The convenience, speed, and security of E-wallet transactions contributed to improved cash flow management and increased sales, ultimately leading to enhanced profitability for the SMEs. However, the researchers also identified a gap in the research regarding the long-term sustainability and scalability of E-wallet solutions in Islamic fintech for SMEs.

In their study titled " Study on Small and Medium-Sized Enterprises in Italy: The Relationship with the Banking System and Financial Structure Choices," Pietro Pavone and Francesco Zappia (2018) findings revealed a significant positive influence of digital banking on the Digital Financial Management of SMEs. Specifically, the adoption of digital banking solutions resulted in increased efficiency in financial transactions, reduced operational costs, and improved access to credit facilities. The study concluded that embracing digital banking technologies is crucial for enhancing SMEs' Digital Financial Management in the modern business landscape. However, the research identified a gap in investigating the potential challenges and barriers that SMEs may face in adopting digital banking.

Study conducted by Schmidt (2020), the research on " The Impact of Regional Banking Systems on Firms and SMEs from five European Countries" aimed to compare the impact of digital banking on SMEs in two different countries. The results revealed that while SMEs benefited from digital banking, the level of adoption and its influence on Digital Financial Management varied between the two countries. SMEs showed a more significant improvement in financial metrics due to a higher degree of digitalization, while SMEs faced some challenges in fully embracing digital banking solutions. The study concluded that policymakers should consider country-specific factors to facilitate the adoption of digital banking among SMEs in different regions. However, the research gap identified was the need for a broader international comparison, involving more countries with diverse economic and cultural backgrounds.

Dona and Mohan (2020) investigated "Evaluation of Service Dimensions of Traditional Banking and Digital Banking: The Case Study of Lloyds Bank, United Kingdom" the research outcomes elucidated that while the adoption of digital banking services had a positive effect on revenue growth and customer satisfaction, there was also evidence of increased cybersecurity risks. The study concluded that SMEs must strike a balance between harnessing the benefits of digital banking and mitigating potential security threats. However, the research gap lies in not exploring the long-term effects of digital banking adoption on SMEs' Digital Financial Management.

In a study conducted by Raghavan and Yu (2021), The findings revealed a positive relationship between service accessibility and Digital Financial Management, indicating that participants with better access to services tend to exhibit higher profitability. The authors concluded that enhancing service accessibility can contribute to improved financial outcomes for SMEs. However, the study identified a research gap in understanding the specific types of services that have the most significant impact on Digital Financial Management.

Liu et al. (2020), the research demonstrated that small and medium-sized enterprises (SMEs) with improved access to a range of services, including financial, technological, and advisory support, exhibited enhanced Digital Financial Management (DFM). The study underscored the significance of comprehensive service accessibility for the success of SMEs. However, a notable research gap emerged concerning the necessity for deeper exploration into the mechanisms by which service accessibility shapes DFM outcomes.

Islam and Zhe (2022) The results showed that innovation played a significant mediating role in the relationship between service accessibility and Digital Financial Management. This study concluded that improving service accessibility could stimulate innovation and subsequently lead to enhanced financial outcomes for SMEs in Japan.

Mabula & Dong (2018) indicated a positive relationship between digital service accessibility and Digital Financial Management. SMEs that adopted digital services experienced greater efficiency, cost savings, and improved customer reach, resulting in better financial outcomes. The research concluded that digitalization can be a crucial factor in enhancing service accessibility and, consequently, SME Digital Financial Management.

Marx et al. (2020) The researcher revealed that SMEs with enhanced access to support services, such as business development guidance and networking opportunities, experienced higher rates of growth and expansion. The research concluded that increased accessibility to a broader range of support services contributed to SME growth in the UK. The study did not account for the potential regional variations in service accessibility, which could affect SME Digital Financial Management differently across different areas.

In their study conducted in the United States of America, Chen et al. (2018) investigated the application of FinTech to improve consumer financial satisfaction in payments: Evidence from the USA. The study findings revealed a positive relationship between Internet Banking adoption and SMEs' Digital Financial Management. Consumers that actively utilized Internet Banking experienced increased efficiency in financial transactions, cost reduction, and improved access to financing. However, the research also identified that the extent of the impact varied across different sectors and industries. The study concluded that Internet

Banking played a crucial role in enhancing the Digital Financial Management of consumers in the USA. One limitation of the research was the focus on a specific country, which leaves a research gap for future studies to explore this relationship in different contexts.

Moreno-García (2023) conducted research in Mexico to examine the Internet Banking Service Perception in Mexico. The findings indicated that Internet Banking adoption positively affected Digital Financial Management, the research design allowed for a comprehensive understanding of the mechanisms through which Internet Banking impacted SMEs. The author concluded that SMEs in Mexico could significantly benefit from integrating Internet Banking services into their operations. However, the research acknowledged the need for further investigation into the barriers hindering SMEs from fully embracing these technologies.

In the Philippines, Andreou and Anyfantaki (2020) conducted a study that revealed a progressive enhancement in consumers' digital financial management following the adoption of internet banking. The research also emphasized the significance of factors such as firm size, technological infrastructure, and management commitment in determining the magnitude of this influence. Based on the findings, the study concluded that the adoption of internet banking could potentially result in sustained growth and competitive advantage for consumers in the Philippines.

Gnanabasharan et al. (2018) explored the factors influencing on adoption and usage of internet banking an empirical study of Small and Medium Enterprises (SME) in Jaffna District, Sri Lanka. The findings revealed that while SMS banking was widely adopted by Sri Lancan SMEs for basic transactions, such as balance inquiries and fund transfers, its potential for more advanced financial services, such as loans and investments, remained underutilized. The study concludes that SMS banking has become a standard feature for basic financial transactions among Mexican SMEs. However, there is a need for more education and promotion of advanced SMS banking services to maximize its potential for improving SMEs' Digital Financial Management in Sri Lankan. The research identifies a research gap in assessing the barriers and challenges hindering the adoption of advanced SMS banking services among Sri Lankan SMEs.

Chen (2021) conducted a case study to explore the customer satisfaction on e-banking services among university students in Malaysia. The findings revealed that while students recognized the potential benefits of SMS banking, concerns about data security and privacy remained significant barriers to full-scale adoption. The research concludes that the successful implementation of SMS banking among university students in Malaysia depends on addressing security and privacy concerns. Financial institutions should focus on building trust and providing robust security measures to encourage wider adoption among students and improve their Digital Financial Management. The study identifies a research gap in investigating the role of financial literacy and technology readiness in students' acceptance and utilization of SMS banking services.

Bensalem and Bouherb (2021) Indicated that SMEs utilizing SMS banking services had higher chances of accessing financing from traditional banks and alternative lenders compared to SMEs without SMS banking adoption. The study concludes that SMS banking plays a crucial role in improving financing access for Chinese SMEs. It can act as a facilitator in bridging the gap between SMEs and financial institutions, leading to better Digital Financial Management for SMEs in China. The research identifies a research gap in exploring the specific characteristics of SMEs that benefit the most from SMS banking services in terms of financing access.

In a study conducted by Amar-Amarteifio (2020), The findings revealed a positive correlation between the adoption of SMS banking services and the Digital Financial Management of SMEs. SMEs that actively utilized SMS banking experienced improved efficiency in financial transactions, increased cash flow management, and enhanced access to credit facilities. Consequently, the study concluded that SMS banking significantly contributed to the growth and competitiveness of SMEs in Ghana.

In Nigeria, Madugba et al (2021) The findings indicated a positive association between SMS banking adoption and SMEs' Digital Financial Management, demonstrating that SMEs that embraced SMS banking experienced increased sales, reduced transaction costs, and improved customer satisfaction. The study concluded that SMS banking played a vital role in enhancing SMEs' Digital Financial Management in Nigeria. However, the research gap identified was the limited exploration of potential barriers to SMS banking adoption among SMEs, calling for further investigations to understand the challenges hindering widespread implementation.

In Tanzania, a study conducted by Mandari et al. (2020) The findings revealed a positive relationship between SMS banking adoption and SMEs' Digital Financial Management. SMEs utilizing SMS banking services reported increased efficiency in financial transactions, reduced transaction costs, and improved access to financial services. The study concluded that SMS banking significantly contributed to SMEs' Digital Financial Management in Tanzania. However, the research gap identified was the lack of examination of potential differences in SMS banking usage and Digital Financial Management among various SME sectors, highlighting the need for further research to explore sector-specific impacts.

In Kenya, a research study conducted by Ouma and Ndede (2020) The findings indicated a positive correlation between SMS banking adoption and commercial bank Digital Financial Management. Commercial banks that utilized SMS banking services reported improved financial record-keeping, enhanced cash flow management, and increased access to financial products. The study concluded that SMS banking significantly contributed to commercial banks' Digital Financial Management in Kenya. However, the research gap identified was the limited exploration of the potential challenges faced by commercial banks in adopting and integrating SMS banking into their operations, indicating a need for further research to address the implementation barriers.

H1: Service accessibility positively impact the digital financial management

H2: digital banking positively effects the digital financial management

H3: SMS banking positively influence the digital financial management

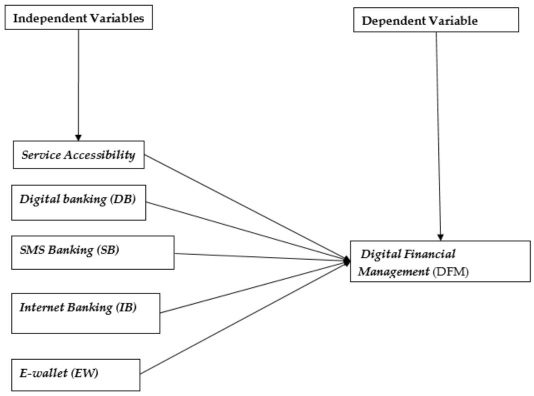
H4: The Internet banking positively influences the digital financial management

H5: The use of e-wallet has a positive impact on the digital financial management

Conceptual Framework

The conceptual framework for this study outlines the relationships between the variables being investigated in the context of Islamic fintech practices and their impact on the Digital Financial Management of Small and Medium Enterprises (SMEs) in in Borama. The framework can be visualized as follows:

Independent Variables: E-wallets: This variable represents the use of electronic wallets or digital payment systems that comply with Islamic principles. It refers to the extent to which SMEs in Borama adopt and use E-wallets for their financial transactions: Digital Banking: This variable pertains to the level of engagement and utilization of digital banking services by SMEs in Borama.It includes services such as online banking, electronic fund transfers, and other digital financial products: Accessibility of Services: This variable measures the ease of access and availability of Islamic fintech services to SMEs in Borama. It includes factors like the proximity of financial service providers, availability of reliable internet connectivity, and user-friendliness of the platforms: Internet Banking: This variable focuses specifically on the influence of internet-based banking services on the Digital Financial Management of SMEs. It evaluates the extent to which SMEs utilize internet banking for their financial operations: and SMS Banking: This variable assesses the impact of SMS-based banking services on the Digital Financial Management of SMEs. It looks into the adoption and usage of SMS-based financial transactions by SMEs in Borama.



3. METHODS

A non-probability sampling technique was employed in this study, which is known as purposive sampling, and in this technique, the sample is selected based on the specific characteristics on which the researcher intends to focus the study. In purposive sampling, the researcher selects participants based on specific criteria that are relevant to the research question. The selection process was nonrandom, and it was based on the researcher's judgment observation. The sample instrument was carefully designed to target a specific group of participants who possessed the expertise and knowledge directly relevant to the research objectives. Cooper and Schindler (2014). The researcher utilized a questionnaire as the primary data collection instrument. The questionnaire was likert scale questions, thoughtfully crafted to gather detailed insights into the participants opinions, The closed-ended questions were designed to capture demographic information and specific attributes, enabling the researcher to categorize the participants based on predetermined criteria. This approach facilitated the selection of SMEs who represented different facets of the target population, ensuring a diverse and comprehensive understanding of the research topic (Mugenda and Mugenda 2012).

Data collection involves the systematic gathering of information from the target population, ensuring efficient alignment with the research objectives (Cooper & Schindler, 2014). In this study, primary data was exclusively relied upon, collected through questionnaire. The questionnaire employed a Likert scale with five measurement options Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree, addressing the research questions. A questionnaire serves as a research tool comprising various inquiries designed to obtain information from the respondents (Cresswell, 2014). The questionnaire consisted of several sections: the first section captured demographic details of the respondents, the second section addressed the impact of E-wallet on Digital Financial Management, the third section focused on the influence of digital banking on Digital Financial Management, the fourth section examined the effects of service accessibility on Digital Financial Management. Th fifth section focused on the impact of internet banking on Digital Financial Management, and last section examined the influence of SMS banking.

To ensure a seamless and efficient data collection process, the questionnaire was distributed via emails. Regular reminders were sent every three days to encourage respondents to complete the questionnaires. The returned questionnaires were thoroughly reviewed for completeness, and any missing information was requested from the none of the SME respondents. The questionnaire responses underwent a excel process and were entered into the Statistical Package for Social Sciences (SPSS) and Smart PLS 4 programs for quantitative analysis.

In this study, the reliability statistics were assessed by applying Cronbach's alpha coefficient to the variables, and the test for reliability was .837 for all questions. The following are the results of the reliability test of each variable and the number of items in each. E-wallet, the Cronbach’s alpha value for the e-wallet variable was .676, indicating a high level of internal consistency. this variable consisted of 4 items. digital banking, the Cronbach's alpha value for the digital banking variable was .655, indicating a good level of internal consistency. this variable consisted of 4 items. service accessibility, the Cronbach's alpha value for the service accessibility variable was .861, indicating a good level of internal consistency. this variable consisted of 4 items. internet banking, the Cronbach's alpha value for the internet banking variable was .822, indicating a good level of internal consistency. this variable consisted of 4 items. SMS banking, the Cronbach's alpha value for the SMS banking variable was .895, indicating a high level of internal consistency. this variable consisted of 4 items.

The data analysis involved employing multiple regression analysis to examine the relationship between E-wallet usage, digital banking, service accessibility, internet banking, SMS banking, and the Digital Financial Management of SMEs in Borama. This study aimed to assess the impact of these independent variables (E-wallet usage, digital banking, service accessibility, internet banking, SMS banking) on the Digital Financial Management outcome, considering factors such as management system, profitability, and solvency. Statistical software packages such as the Statistical Package for Social Sciences (SPSS), SmartPLS4 and Microsoft Excel 2016 were utilized for the analysis. The findings were presented using visual aids such as tables, frequency tables, charts, and graphs, providing a comprehensive understanding of how these variables influence the performance or failure of SMEs in adopting Islamic fintech solutions.

4. RESULTS AND DISCUSSION

The distribution of responses based on gender. Female respondents accounted for 41.5% of the questionnaire. And male respondents accounted for 58.5% of the questionnaire. This suggests that the majority of the respondents in the data set were male. the distribution of educational levels within the surveyed cohort. Predominantly respondents hold postgraduate qualifications with 72.9% reporting attainment of a master's degree constituting the most prevalent educational stratum. Following that 17.1% of respondents possess a bachelor's degree representing a substantial cohort of 106 individuals. Moreover, the data underscores the minority representation of respondents with secondary and primary education backgrounds. Specifically, 1.6% of respondents indicate completion of secondary school, accounting for 19 individuals, while less than 1% report attainment of a primary school education, encompassing 15 respondents. Furthermore, 7.0% of respondents hold diplomas or certificates, constituting a minor yet noteworthy segment.

The analysis of the questionnaire responses revealed an interesting distribution of occupations among the participants. Notably, 111 respondents identified themselves as owners, 37 as finance managers, and 43 as employees. These findings offer valuable insights for researchers studying the occupational composition of the surveyed population, aiding in the development and implementation of research methodologies.

the breakdown of firm types among questionnaire respondents from small and medium-sized enterprises (SMEs) reveals a diverse landscape consisting of various small and medium-sized businesses. The inclusion of sectors such as retail, services, manufacturing, and construction indicates that these industries are important arenas for active SME participation. Understanding the distribution of firm types among questionnaire respondents provides valuable insights into the sectors and industries represented within the SME community.

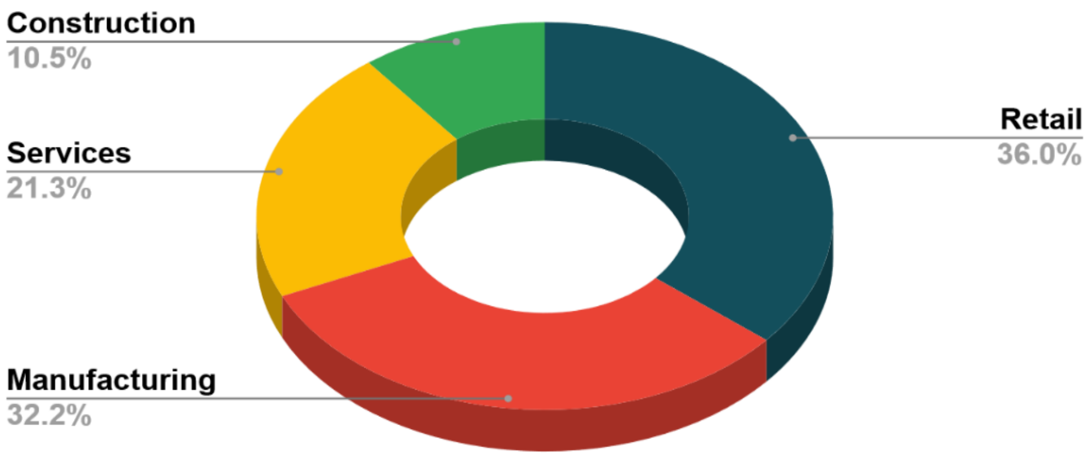


Figure 1. Types of Firms
Source: Author's 2024

Focusing on the questionnaire responders from Small and Medium-sized Enterprises (SMEs). The figure categorizes the firms based on their types in the background of the study.

Construction: the construction firms are accounting for 10.5% of the total count. These firms are engaged in the construction industry and are responsible for building structures, infrastructure projects, and carrying out related activities

Manufacturing: The manufacturing sector represents 32.2% of the questionnaire responders from SMEs. This suggests that a considerable number of small and medium-sized enterprises are involved in manufacturing goods or products. The manufacturing sector encompasses various industries such as automotive, electronics, textiles, food processing, and more. The presence of manufacturing SMEs underscores the importance of production and physical goods in the surveyed businesses.

Retail: Among the questionnaire responders from SMEs, 36.0% of them represent retail businesses. These could include small shops, boutiques, online stores, or other retail establishments. The high percentage suggests that retail is a prominent sector among the SMEs surveyed, indicating the importance of this industry in the small business landscape.

Services: The questionnaire responders are from SMEs in the services sector is 21.3%. This indicates that a significant portion of the surveyed SMEs are engaged in providing various services such as consulting, IT services, marketing, healthcare, hospitality, or other service-based offerings. The high percentage highlights the diversity and significance of the services industry among SMEs.

Years of utilizing Islamic fintech

One of these SME owners commenced their businesses a decade ago however, they have indicated that they began utilizing Islamic fintech apps in the past few years. Notably, a majority of them initiated this Fintech adaptation during the pandemic era in 2020, which compelled widespread cessation of cash transactions.

Despite its widespread use, cash in Somalia faced numerous challenges. The constant threat of burglary and counterfeiting compelled individuals to devise inventive methods to protect their earnings. Some chose to bury their savings in concealed spots, while others relied on family members or community elders to safeguard their funds. Nevertheless, despite these obstacles, cash continued to be the primary means of exchange in Somali society. It represented the resilience and adaptability of the Somali people in the face of adversity. In a country that harmoniously blended tradition and modernity, cash remained a steadfast symbol of trust, connection, and the indomitable spirit of its citizens.

Figure 2: Bundles of Cash Being Handled in the Street Market in all cities in Somalia (McLean, 2023)

The above picture vividly illustrates individuals placing cash on tables for currency exchange, reflecting the prevailing shift towards the adoption of electronic money (E-money) among business owners, who increasingly prefer its usage over cash. The figure 6 below presents the distribution of experience levels among Small and Medium-sized Enterprises (SMEs) using Islamic fintech solutions. The data is segmented into five categories based on the duration of experience: 1-3 years, 4-7 years, 8-10 years, and above 10 years.

The breakdown indicates that the largest proportion of SMEs, comprising 61.6%, falls within the experience range of 1-3 years. This suggests a notable uptake of Islamic fintech solutions among this segment over the past few years. Following this, the next highest proportion, at 18.2%, belongs to SMEs with experience ranging from 4-7 years. This indicates a considerable adoption of Islamic fintech solutions among more established businesses, reflecting their recognition of the benefits offered by such technologies. In contrast, the percentages for the other experience categories are lower. Specifically, 8.1% of SMEs have above 10 years of experience, indicating relatively recent entry into the realm of Islamic fintech adoption. Similarly, 8-10 years accounts for 6.7% and 5.4% respectively, suggesting adoption rates among these SMEs. Overall, the data underscores a substantial adoption of Islamic fintech solutions among SMEs, particularly within the 3-5 years and 9-11 years' experience, signaling a growing recognition of the advantages offered by these technologies across different stages of business maturity.

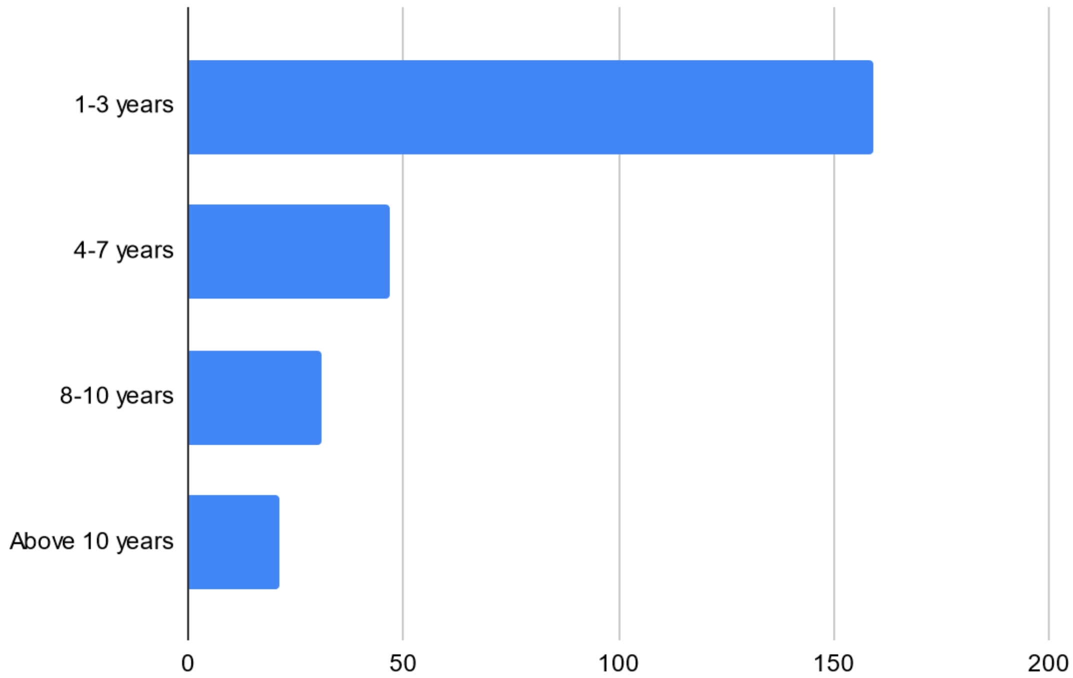


Figure 3: Years of utilizing Islamic fintech
Source: Author's 2024:

Classic Assumption Test

Normality test

The Normality Test is conducted in order to ascertain whether the residual values conform to a normal distribution. An acceptable regression model is determined by the presence of normally distributed values. And, the author decided to utilize skewness and kurtosis to determine if the data is normally distributed. Therefore. The data presented below demonstrated normal distribution.

Table 1. Skewness and Kurtosis

Variables	Skewness	Kurtosis
Digital financial management	-0.986	1.137
Service Accessibility	0.237	-0.199
Digital Banking	-0.782	1.072
SMS Banking	-0.639	1.639
Internet Banking	0.056	0.680
E-wallet	-0.383	0.832

Output IBM Spss.2024.

The skewness and kurtosis values for the variables in Table 1 indicate that the distributions of these variables are approximately normal (Ghasemi & Zahediasl, 2012). All skewness values fall within the range of -1 to +1, implying that the distributions are relatively symmetrical. Specifically, Digital Financial Management (-0.986), Digital Banking (-0.782), SMS Banking (-0.639), and E-wallet (-0.383) exhibit slight negative skewness, while Service Accessibility (0.237) and Internet Banking (0.056) display slight positive skewness. These values indicate that any asymmetry in the data is minimal and falls within acceptable limits for a normal distribution.

Likewise, the kurtosis values for all variables range from -2 to +2, (Mayers, A.

2013). suggesting that the distributions have tails and peak behaviors that are comparable to a normal distribution. Digital Financial Management (1.137), Digital Banking (1.072), SMS Banking (1.639), Internet Banking (0.680), and E-wallet (0.832) demonstrate slight leptokurtosis, indicating slightly heavier tails, while Service Accessibility (-0.199) is slightly platykurtic, indicating slightly lighter tails. These kurtosis values support the conclusion that the data approximates a normal distribution, with only minor deviations that do not significantly impact overall normality. Therefore, based on the provided skewness and kurtosis metrics, the data can be regarded as normally distributed.

Multicollinearity Test

The multicollinearity test is to examine the presence of multicollinearity in a multiple regression model. Various methods can be employed for this purpose. Variance inflation factors (VIF) were calculated to detect multicollinearity between predictors. High VIF values indicate an increased incidence of multicollinearity in the model. VIF values above 5 are cause for concern, while VIF values of 10 should be considered the upper limit (Menard, 2009). All predictors in the regression model have VIF values below 10. Table 1 shows the VIF of each predictor in the model. Tolerance is the reciprocal of VIF and provides another way to assess multicollinearity. It measures the proportion of the variance in one predictor variable that is not explained by the other predictor variables. Tolerance values close to 1 indicate low multicollinearity, while values close to 0 indicate high multicollinearity. Generally, a tolerance value below 0.1 suggests significant multicollinearity.

Table 2. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	Collinearity Statistics	
		B	Std. Error	Beta	Tolerance	VIF
1	(Constant)	10.386	1.692			
	Service Accessibility	-.025	.086	-.019	.750	1.333
	Digital Banking	.088	.084	.070	.756	1.322
	SMS Banking	.144	.071	.141	.709	1.411
	Internet Banking	.110	.081	.105	.565	1.771
	E Wallet	.256	.075	.232	.733	1.364

a. Dependent Variable: Digital Financial Management. Source: Output IBM Spss.2024.

Based on the multicollinearity test presented in Table 2, it is demonstrated that if the Tolerance values exceed the threshold of 0.10. Specifically, the Tolerance values for Service Accessibility (0.750>0.1), Digital Banking (0.756>0.1), SMS Banking (0.709>0.1), Internet Banking (0.565>0.1), and E-wallet (0.733) indicate that these variables are not highly correlated. Similarly, The computed VIF values for these variables are all below 10, indicating that none of the variables have reached the VIF threshold. Specifically, the VIF values for Service Accessibility (1.333>10), Digital Banking (1.322>10), SMS Banking (1.411>10), Internet Banking (1.771>10), and E-wallet (1.364>10) are all below the threshold. Therefore, based on these findings, it can be inferred that the aforementioned five variables do not display multicollinearity, as supported by both the Tolerance and VIF values.

Multiple Linear Regression Analysis

Multiple regression is a statistical technique utilized to comprehend the relationship between a dependent variable and two or more independent variables. It expands upon the notion of simple linear regression, which entails predicting a solitary dependent variable based on one independent variable, to a scenario where multiple independent variables are simultaneously considered. In multiple regression, the objective is to construct a mathematical model that most accurately predicts the value of the dependent variable based on the values of the independent variables.

Table 3. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	11.206	1.358		8.251	.000
Service Accessibility	-.078	.065	-.085	-1.198	.232
Digital Banking	.066	.071	.068	.920	.359
SMS Banking	.166	.072	.169	2.311	.022
Internet Banking	.113	.084	.107	1.349	.179
E Wallet	.260	.075	.235	3.454	.001

Source: output IBM SPSS 2024

In table 3 the study employed the method of multiple linear regression analysis. The equation for multiple linear regression was obtained through calculations conducted using SPSS. Based on the provided regression equation, several conclusions can be inferred. Firstly,

The constant term (α) has a value of 11.206, which is positive. This suggests that when the all-independent variables SA, DB, SMSB, IB, and EW are below zero, at a constant level, the value of Y is 11.206.

The coefficient (-0.078) suggests that, theoretically, a one-unit increase in Service Accessibility leads to a decrease of 0.078 units in Digital Financial Management. However, it is important to note that this relationship is not statistically significant (p = 0.232), indicating that it may not have a significant impact on Digital Financial Management within the model.

The coefficient of Digital Banking services is 0.066, indicating a positive relationship with Digital Financial Management. This means that as Digital Banking services increase, we can expect Digital Financial Management to increase by approximately 0.066 units. However, the p-value of (p= 0.359) suggests that this relationship is not statistically significant.

The coefficient of SMS Banking is (0.166), it signifies a significant and positive correlation with Digital Financial Management. This suggests that an increase in the utilization of SMS Banking services is anticipated to lead to a predicted rise of 0.166 units in digital financial management. Thus, the availability of SMS Banking has a positive effect on SMEs' ability to manage their finances digitally. Moreover, the presence of a low p-value (p = 0.022) strengthens this relationship, emphasizing the statistical significance and confidence in the obtained results.

The coefficient of Internet banking is (0.113) which demonstrates a positive association with digital financial management. This suggests that a higher frequency of using Internet banking services could contribute to improved digital financial management practices among small and medium-sized enterprises (SMEs) in Borama. However, it is crucial to note that the statistical significance of this coefficient is not significant (p = 0.179).

The coefficient E Wallet (0.260) is highly significant and statistically significant (p = 0.001), indicating a substantial positive influence on Digital Financial Management. There is a predicted increase of 0.260 units in digital financial management. This discovery underscores the significance of E Wallets in enhancing capabilities for digital financial management, suggesting that they are efficacious tools for managing finances in the digital sphere.

Determining the fitness of the model

Model summary

Table 4 presents a model summary for the data, showing the values of R, R^2, adjusted R^2, and the standard error of the estimate. These values can be used to assess the goodness fit of the regression model to the data.

Table 4. Model summary

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	.409a	.167	.150	2.3996

a. Predictors: (Constant), E Wallet, Service Accessibility, SMS Banking, Digital Banking, Internet Banking
b. Dependent Variable: Digital Financial Management

Source: output IBM SPSS 2024

The "R" column represents the value of R, which stands for the multiple correlation coefficient. R can be regarded as a measure of the predictive accuracy of the dependent variable. In this particular case, Digital financial management. A value of .409 indicates a good level of prediction. The column labeled "R Square" displays the R^2 value, which is also referred to as the coefficient of determination. This numerical value signifies the extent to which the independent variables account for the variance observed in the dependent variable.

The value of 0.167 indicates that independent variables account for 16.7% of the variability in the dependent variable, digital financial management. To achieve an accurate interpretation of the data, the consideration of the "Adjusted R Square" (adj. R^2) value is crucial. In this instance, the coefficient table displays a value of .150, indicating that 15.0% of the variation in the outcome variable can be explained by the predictors incorporated in the model. If a notable difference exists between the values of R-squared and Adjusted R Square, it implies that the model does not fit well. It is essential to acknowledge that the Adjusted R^2 will always be less than or equal to R^2, as it takes the number of terms in the model into account. This adjustment prevents R^2 from providing misleading results by consistently increasing with the addition of more terms.

Hypotheses Test

T-Test

Table 5. T-Test

Hypothesis	Regression weights	B	T-value	P-value	Hypothesis-Test
H1	$SA \rightarrow DFM$	-.078	-1.198	.232	Rejected
H2	$DB \rightarrow DFM$	.066	.920	.359	Rejected
H3	$SMSB \rightarrow DFM$	.166	2.311	.022	accepted
H4	IB$\rightarrow DFM$	.113	1.349	.179	Rejected
H5	$EW \rightarrow DFM$	.260	3.454	.001	accepted
R ***.409***					
F ***9.985***					

*Note: *p<0.05 SA: Service Accessibility, DB: Digital Banking, SMSB: SMS Banking, IB: Internet Banking, EW: Electronic wallet.*

Source: output IBM SPSS 2024

The study seeks to examine the impact of the independent variables which are service Accessibility, Digital Banking, SMS Banking, Internet Banking and E wallet on dependent variables (digital financial Management). Here is the hypothesis of the studies.

H1: Service accessibility positively impact the digital financial management

H2: digital banking positively effects the digital financial management

H3: SMS banking positively influence the digital financial management

H4: The Internet banking positively influences the digital financial management

H5: The use of e-wallet has a positive impact on the digital financial management

The purpose of the study was to investigate how various factors affect digital financial management. Specifically, author conducted a regression analysis with digital financial management as the dependent variable and e-wallet, digital banking, service accessibility, internet banking, and SMS banking as the independent variables. The results indicated that these independent variables had a significant predictive effect on digital financial management. This is evident in Table 5, where the F-value (5,249) is 9.985, with a p-value of less than .001. This suggests that the five factors examined have a substantial impact on digital financial management. Furthermore, the R^2 value of .167 in Table 3 demonstrates that the model accounts for 16.7% of the variability in digital financial management.

Additionally, coefficient was further assessed to ascertain the influence of each of the factors on the criterion variables (Digital Financial Management) H1 evaluate whether Service accessibility significantly and positively impact the digital financial management. The results revealed that the hypothesis (H1) regarding the impact of service accessibility on digital financial management is not supported by the data. The coefficient of -0.078 suggests a slight negative correlation, however. the p-value of 0.232 and the t-value of -1.198 indicate that the association is not statistically significant. Therefore, we cannot conclude that service accessibility has a significant and positive influence on digital financial management based on these findings.

H2 states that there is a significant and positive impact of Digital Banking on digital financial management among SMEs. However, the analysis showed a coefficient of 0.066, which implies a positive relationship between Digital Banking and digital financial management. Nevertheless, the t-value of 0.920 and the corresponding p-value of 0.359 indicate that this relationship is not statistically significant. Therefore, although there seems to be a small positive connection between Digital Banking and digital financial management, the evidence is not enough to claim that Digital Banking has a significant influence on digital financial management practices in SMEs, according to these findings. Therefore, we rejected the null hypothesis, indicating that Digital Banking does not have a significant positive impact on digital financial management among SMEs in this study.

H3 suggests that SMS Banking plays a significant role in predicting digital financial management among SMEs. The data analysis revealed a coefficient of 0.166, indicating a positive impact of SMS Banking on digital financial management. Moreover, the associated t-value of 2.311 and the low p-value of 0.022 provide statistical significance to this relationship. Thus, empirical evidence supports the hypothesis, suggesting that SMS Banking is a significant predictor of enhanced digital financial management practices within SMEs. Consequently, we accept the hypothesis that SMS Banking positively predicts digital financial management among SMEs in this study.

H4 suggests that Internet Banking has a significant and positive effect on digital financial management in SMEs. However, the analysis showed a coefficient of 0.113, indicating a positive relationship between Internet Banking and digital financial management. Despite this, the t-value of 1.349 and the associated p-value of 0.179 indicate that this relationship is not statistically significant. Therefore, while there seems to be a positive trend between Internet Banking and digital financial management, the evidence is insufficient to claim that Internet Banking significantly influences digital financial management practices in SMEs based on these findings. Consequently, we rejected the null hypothesis, which states that Internet Banking does not have a significant positive impact on digital financial management in SMEs in this study.

H5 suggest that the utilization of E Wallets has a significant and positive effect on digital financial management practices in this particular context. The results of the analysis reveal a coefficient of 0.260 indicating a positive association between the usage of E Wallets and digital financial management. Furthermore, the calculated t-value of 3.454, coupled with a p-value of 0.001, confirms the statistical significance of this relationship. Consequently, there exists compelling evidence in support of the hypothesis that the adoption of E Wallets plays a significant and advantageous role in promoting digital financial management practices within the small and medium-sized enterprise (SME) sector. This discovery highlights the significance of E Wallets as effective instruments for enhancing digital financial management among SMEs. we accept the hypothesis that E wallet positively predicts digital financial management among SMEs in this study.

F-Test

Table 6. ANOVA

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	287.463	5	57.493	9.985	.000b
	Residual	1433.769	249	5.758		
	Total	1721.231	254			

a. Dependent Variable: Digital Financial Banking

a. Predictors: (Constant), E wallet, Digital Banking, SMS Banking, Service Accessibility, Internet Banking

The ANOVA table is a valuable tool for understanding the relationship between the predictors (E Wallet, Service Accessibility, SMS Banking, Digital Banking, Internet Banking) and the dependent variable (Digital Financial Management). The significance of the F-test in the ANOVA table determines whether the regression model, which includes these predictors, explains a significant portion of the variance in the dependent variable.

In this case, F (5,256) = 9.985, p< .001, R2= .167. the small p-value (less than 0.001) associated with the F-test provides strong evidence against the null hypothesis, which states that there is no correlation between the predictors and the dependent variable. Therefore, we can reject the null hypothesis and conclude that at least one of the predictors (E Wallet, Service Accessibility, SMS Banking, Digital Banking, Internet Banking) has a statistically significant impact on Digital Financial Management. In practical terms, this means that the combination of these predictors in the regression model provides valuable information for predicting or explaining changes in Digital Financial Management. It shows that individuals' use of e-wallets, access to financial services, engagement with SMS, digital, and internet banking does indeed influence their digital financial management practices. This insight could be crucial for policymakers, financial institutions, and individuals alike, as it helps to understand and improve digital financial behaviors and services in the country as well.

DISCUSSION

In this concluding chapter, a comprehensive analysis is presented regarding the research findings on the correlation between Islamic banking and fintech in the specific context of Small and Medium-sized Enterprises (SMEs) in Borama. The primary focus of this analysis is on the adoption of digital financial management (DFM) by these entities. Moreover, the chapter examines the implications derived from these findings, emphasizes the key insights obtained, and discusses their significance to both academia and practical applications. Notably, the demographic analysis has yielded intriguing observations about the participants, shedding light on the predominant presence of highly educated females and males within Borama's SME community. This indicates a certain level of educational attainment among SME stakeholders, which could potentially influence their adoption and utilization of digital financial solutions. Additionally, the breakdown of occupational distribution and firm types provided valuable context for understanding the organizational structure and industry landscape within the SME sector in Borama. The analysis of years of utilizing Islamic fintech shed light on the adaptive nature of SMEs, particularly in embracing digital solutions during challenging economic circumstances. The significant uptake of Islamic fintech solutions, especially during the pandemic era, emphasizes the importance of these technologies in facilitating digital financial management practices among SMEs. Statistical analyses, including classic assumption tests, multicollinearity tests, multiple linear regression analysis, and hypothesis testing, provided deeper insights into the relationship between independent variables (service accessibility, digital banking, SMS banking, internet banking, and e-wallet) and the dependent variable (digital financial management). While service accessibility and digital banking did not demonstrate significant impacts on digital financial management, SMS banking and e-wallet services emerged as significant predictors, positively influencing SMEs' digital financial management practices. Internet banking exhibited a positive trend but lacked statistical significance. The SMEs using Islamic fintech solutions has shown promising results in terms of increased efficiency, reduced costs, and improved access to fintech. These solutions also align with Islamic principles of fairness, transparency, and social responsibility, making them a viable option for businesses seeking ethical and sustainable financial services. However, there is still a need for greater awareness and education among SMEs about the benefits of Islamic fintech solutions to fully realize their potential impact. It is worth mentioning that the analysis accounted for potential multicollinearity among the predictor variables, as indicated by the low VIF values and high tolerance values reported earlier. This suggests that the predictors in the model are not highly correlated, minimizing the risk of multicollinearity bias.

In Somalia the use of electronic wallets has become more common in recent years, and for good reason. They offer convenience that traditional payment methods simply cannot match. You can store multiple payment methods in one place so users can shop with just a few clicks, saving time and effort. However, convenience is not the only advantage of an e-wallet. They also offer advanced security features like encryption and two-factor authentication to help protect against fraud and identity theft. In today's digital world, where cybercrime is on the rise, these security features are more important than ever. e-wallets are an essential tool for anyone who wants to simplify their finances and stay safe online. Whether you shop online or in person, using an e-wallet can help you streamline payments and protect your personal information. E-wallet, also known as a digital wallet or mobile wallet, is a secure electronic payment system that allows users to make purchases online or in-store without physical cash or a credit card.

An e-wallet stores users' payment information, such as credit or debit card numbers, in a secure digital format. When a user makes a purchase, the e-wallet sends the payment information to the merchant's payment processor. There are two main types of electronic wallets: closed and open. With closed e-wallets, purchases can only be made from merchants belonging to the e-wallet network. With open e-wallets, you can make purchases from any merchant that accepts online payments. And there are two main types of electronic wallets: closed and open. With closed e-wallets, purchases can only be made from merchants belonging to the e-wallet network. With open e-wallets, you can make purchases from any merchant that accepts online payments. Some of the most popular e-wallets in Borama. are Zaad, Edahab, Hormuud EVC and T-Plus, (Soegoto & Tampubolon, 2020)

The accessibility of E-wallet in Boram is available on all phones with or without interne. E-wallet offers a convenient way to make payments without cash or physical cards. Users can easily use their mobile devices or computers to make payments or utilizing as a saving app, which is especially useful for business also when shopping online or paying bills. it is Safer and Electronic wallets offer additional security because they store users' financial information in encrypted form, making it difficult for hackers to access it. In addition, some e-wallets have two-step authentication and biometric verification to increase security. What is more sophisticate-wallet in Borama, many e-wallets offer rewards and discounts to users who use their platform to trade. This may include cashback offers, loyalty points and discounts on purchases made through the e-wallet. Even in rural area E-wallet transactions are often faster than traditional payment methods such as bank transfers or credit card payments. This is because the transaction is processed instantly without manual authorization or verification. (Ming et al., 2020)

Electronic wallets can revolutionize the economy by providing a more efficient and secure way to make payments. With the spread of digital payments, electronic wallets offer a convenient and easily accessible alternative to traditional banking methods. This can lead to greater financial inclusion, especially for the unbanked or unbanked. However, e-wallet providers face challenges such as regulatory compliance and ensuring security during deployment. In addition, investment in infrastructure and training is essential to ensure access for all users. Despite these challenges, new technologies such as biometric authentication and blockchain offer even greater security and convenience. To fully realize the potential impact of e-wallets on the economy, it is critical for e-wallet providers to continue to invest in these technologies and address regulatory and accessibility issues.

The potential impact of electronic wallets on the economy is significant. With the proliferation of digital payments, electronic wallets have become an increasingly popular choice among consumers. This shift to seamless transactions can reduce costs and increase business efficiency. In addition, electronic wallets can provide greater financial inclusion for those who are unbanked. However, the security and privacy of personal data stored in electronic wallets is a cause for concern. As such, a strong regulatory framework is needed to ensure that these issues are addressed. Overall, the adoption of e-wallets can change the way that make payments and interact with money, but it must be done responsibly and securely.(Teng & Khong, 2021).

Islamic fintech refers to the implementation of financial technology solutions according to Islamic principles and guidelines. It includes a wide range of innovative tools and platforms that adhere to the principles of Islamic finance, such as the avoidance of interest (*riba*) and the promotion of ethical and socially responsible financial practices. The integration of Islamic fintech across financial sectors has had a significant impact on financial efficiency, providing new opportunities and addressing specific challenges in the Islamic financial sector. One of the key elements of Islamic fintech is its contribution to financial inclusion. Islamic fintech solutions have helped bridge the gap between traditional financial services and underserved populations through access to financial products and services based on Islamic principles. By leveraging digital platforms and mobile technologies, Islamic fintech has helped financial institutions reach a wider SMEs base, including individuals and businesses that were previously excluded from traditional financial systems.

This increased financial inclusion has had a positive impact on overall Digital Financial Management as it expands the SMEs base and promotes economic growth and stability. (Shihadeh, 2020) Another important area where Islamic fintech has impacted Digital Financial Management is the investment and management sector. Islamic fintech platforms have revolutionized investment processes by introducing Shariah-compliant investment options, automated asset tools. These advances have facilitated more efficient and transparent investment practices, allowing individuals and institutions to make informed investment decisions in accordance with their Islamic values. The availability of diversified investment options has stimulated capital flows in the Islamic financial ecosystem, leading to better Digital Financial Management and investor returns. In addition, Islamic fintech has played a crucial role in increasing efficiency and reducing the cost of financial transactions (Alaeddin et al., 2021).

Blockchain technology has been used to create secure and transparent digital payment systems in accordance with Islamic principles. These systems enable faster and more cost-effective cross-border transactions, minimize the need for intermediaries and improve Digital Financial Management by lowering transaction costs and increasing liquidity. In addition to financial inclusion, investment and transaction efficiency, Islamic fintech has also influenced risk management practices in the Islamic finance industry. Islamic financial institutions have used risk assessment tools. These technologies improve risk management capabilities, which improves Digital Financial Management through better decision-making and potential risk reduction. In addition, the integration of Islamic fintech solutions has also led to financial reporting and management practices. By using technologies such as big data analytics and cloud computing, Islamic financial institutions can produce more accurate and timely financial reports, ensuring transparency and accountability. (Mohammed & Knapkova, 2016) Improved financial reporting and management practices contribute to the overall Digital Financial Management of these institutions, increasing investor confidence and attracting capital flows. It is important to note that the impact of Islamic fintech on Digital Financial Management is not without its challenges. Regulatory frameworks, cyber security issues and ensuring adherence to Islamic principles present constant challenges to the adoption and approval of Islamic fintech solutions. However, industry stakeholders, including regulators, financial institutions and technology providers, are actively addressing these challenges to create an enabling environment for the sustainable growth of Islamic fintech and its positive impact on Digital Financial Management. In summary, the integration of Islamic fintech has had a significant impact on the Digital Financial Management of various sectors of the Islamic financial industry. It has promoted financial inclusion, changed investment practices, improved transaction efficiency, improved risk management and strengthened financial reporting and governance. By aligning financial services with Islamic principles, Islamic fintech has created opportunities for sustainable growth, profitability and social impact. As the Islamic fintech ecosystem continues to evolve, it should further contribute to Digital Financial Management, paving the way for a more inclusive and ethical financial life. (Mahmud, Islam, and Hossain 2019)

in Iran. Hanafizadeh et al. (2014) investigated the impact of trust on the adoption of fintech services among SMEs. The findings revealed that trust positively influenced the intention to adopt fintech services, which subsequently enhanced Digital Financial Management. Another study by (Wang, Liao, and Xiao 2018) explored the relationship between perception of fintech and SMEs' performance in China. The results indicated that SMEs with a positive perception of fintech had higher Digital Financial Management, including increased profitability and productivity. In the context of Islamic fintech, (Mahmud, Islam, and Hossain 2019) conducted a study on the impact of trust in Islamic banking on the adoption of Islamic fintech services among SMEs in Malaysia. The results showed a positive relationship between trust and the intention to adopt Islamic fintech, which implied that trust played a crucial role in influencing SMEs' adoption decisions and subsequently their Digital Financial Management (Mahmud, Islam, and Hossain 2019). Trust and perception of Islamic fintech refer to the confidence and belief that SME owners in Borama. have in the reliability, security, and effectiveness of Islamic fintech solutions, as well as their subjective evaluation and understanding of the benefits and suitability of such solutions for their financial operations. Several studies suggest that trust and perception of fintech, including Islamic fintech, can have a positive impact on the Digital Financial Management of SMEs. When SME owners trust and perceive Islamic fintech as beneficial, they are more likely to adopt and utilize these solutions, leading to various positive outcomes for their Digital Financial Management (Mahmud, et al. 2019).

Table 7. List of islamic fintech companies operating in Somaliland state.

No	*Name*	*Number of Customers*	*Assets or Profit 2023*
1	Kaafiye	600,000	Is not publicly available. However, the service is experiencing steady growth, indicating an increase in asset base and profitability.
2	Dahab Plus	3 million	The company is a part of the Dahabshiil Group, which has reported significant growth. Profits for Dahab Plus alone are not disclosed, however they could be in the range of several million dollars.
3	Wallet	400,000	Is not publicly available. However, Wallet is experiencing growth as part of the broader fintech ecosystem in Somalia.
4	Mobile payments	5 million	are not publicly available
5	Zaad	3 million	The range of $10-20 million.
6	E-dahab	2 million	Hormuud Telecom, the owner of E-dahab, has reported strong financial health. E-dahab's contribution to overall profits is substantial, likely in the range of $5-15 million.
7	Cash Plus	500,000	As a newer player, Cash Plus is experiencing rapid growth. Estimated annual profits for Cash Plus might be modest compared to longer-established services but could be in the range of $1-5 million.

The data presented in Table 7 was obtained by the author through an interview conducted with an employee at the Central Bank in Hargeisa, where the bank is located. The findings suggest that Somali digital financial services are experiencing significant growth. Although obtaining precise financial data is often challenging, the increasing number of customers and the profitability trends indicate a strong and expanding market. These services are playing a vital role in promoting financial inclusion and contributing to economic development in the region.

Impact of Fintech on Islamic Finance in Somaliland

Fintech has had a significant impact on Islamic finance, influencing various aspects including customer growth and engagement, as well as financial inclusion and access. Here are some key points to consider:

Customer Growth and Engagement

Fintech has introduced innovative digital platforms that provide Islamic financial services in Somaliland, thus increasing the number of subscribers over time. These platforms allow customers to conveniently access Sharia-compliant products and services through online channels, mobile apps, and other digital means (Islam et al., 2024). Personalized services; fintech enables Islamic financial institutions to offer personalized and tailored services. Advanced analytics and data-driven insights enhance the understanding of customer needs, resulting in more targeted product offerings and improved customer engagement. Previous research highlights that digital platforms in fintech have consistently shown a positive impact on customer engagement and growth in various regions (Gomber et al., 2018)

Financial Inclusion and Access

Fintech has the ability to enhance the reach of Islamic finance by overcoming geographical limitations (Qudah et al., 2023). The utilization of mobile banking and online platforms enables individuals in underserved or remote regions to avail themselves of financial services that were previously inaccessible. Cost Reduction; fintech diminishes the expenses associated with traditional banking operations, resulting in the provision of low-cost services that are nearly zero-based, except for those related to advertising. This cost efficiency empowers Islamic financial institutions to offer more affordable products and services, thereby fostering financial inclusion among lower-income populations. Similar findings were outlined by (Demirgüç-Kunt et al., 2020) who indicated that fintech plays a significant role in advancing financial inclusion by facilitating access to financial services in remote areas.

Product Innovation

The advent of fintech has been instrumental in fostering the emergence of novel financial products that adhere to Sharia principles. These products, such as crowdfunding, peer-to-peer lending, and digital wallets, cater to the evolving demands of the Islamic finance sector and have succeeded in attracting a diverse customer base (Hassan & Chowdhury, 2010). Blockchain and Smart Contracts; Technologies such as blockchain have significantly contributed to enhancing the transparency and security of transactions in Islamic finance. Smart contracts, in particular, offer the potential to automate Sharia-compliant agreements, thereby reducing dependence on intermediaries and potentially resulting in cost savings. The development of Sharia-compliant products is indicative of the broader trend within the fintech industry, where continuous innovateion is driven by the necessity to meet market demands (Lee & Shin, 2018). Furthermore, the transformative impact of blockchain in terms of transparency and security has been widely acknowledged (Casino et al., 2019).

Regulatory Challenges

Integrating Fintech into Islamic finance necessitates regulatory frameworks that ensure compliance with Sharia principles (Aulia et al., 2020). Regulators must adapt to technological advancements while upholding the integrity and ethical standards of Islamic finance. Earlier research by Zetzsche et al., (2017) emphasized the necessity of adaptive regulatory frameworks in fintech to ensure the coexistence of compliance and innovation.

Education and Awareness

Fintech emphasizes the significance of financial education and literacy, particularly in relation to Sharia-compliant financial instruments (Munir et al., 2023). Informed consumers can make more informed financial choices that are aligned with Islamic principles. As (Lusardi & Mitchell, 2014) argue, enhancing financial literacy is crucial for making well-informed financial decisions, a perspective that is further supported by the role of fintech in educating customers about financial products..

5. CONCLUSION

The results emphasize the importance of utilizing SMS banking and e-wallet services to enhance the digital financial management capabilities of small and medium-sized enterprises (SMEs). Despite the challenges of limited-service accessibility and the comparatively lower impact of digital banking, there are evident opportunities for financial institutions and policymakers to prioritize and enhance the availability of these services. Moreover, the study unveils the adaptive behavior of SMEs, particularly their willingness to embrace digital solutions during challenging times such as the pandemic era.

Fintech is one of the fastest-growing emerging industries of the last few years. It blends the innovative nature of technology with the idea of simplifying the needs of the finance industry, which has become stagnant in some ways. Mobile banking, mobile payments, crowdfunding, cryptocurrency and blockchain are a few examples of fintech. Many of the biggest fintech companies are built on technology that makes investing, managing wealth and purchasing insurance easier and more accessible for consumers.

Despite sweeping changes in the economy, culture and the way people think about money, we'll always need reliable ways to store, access and leverage our money. Fintech answers those changing needs by creating digital and physical products that make the financial industry easier to understand and access without reducing the quality of the products and services offered to the consumer, fintech brings financial tools, products and services outside of the corporate world and into the hands of everyday people. For example, apps like premier wallet at premier bank and WAAFI at Darasalaam Bank have removed the middleman when it comes to recovering for the investments. Today, anyone with a few dollars in a bank account can store on their own. The red tape of going through a stock brokerage or maintaining minimum deposits in an investment account has been removed.

Companies like Dahabshiil Group and Telesom Group use fintech to make the investment process even easier under their subsidiaries to both Zaad and Edahab. These firms harness the power of artificial intelligence, using robo-investors to make skillful investment decisions on behalf of consumers. Fundraise is yet another fintech company like Wadaag Investment, and it brings the technological trend of crowdfunding to real estate investment.

Fintech products aim to give consumers more access and fewer barriers to entry to the world of finance while facilitating flexible and diverse product offerings and you might already actually be familiar with this industry one of the more widely utilized examples of fintech is mobile banking apps. Gone are the days when banking had to be done in person. Now, consumers can deposit checks, transfer funds and review transactions via banking apps on their mobile devices. In summary, Fintech has played a transformative role in Islamic finance particularly Somaliland, fostering customer growth and engagement, promoting financial inclusion, and driving product innovation. However, it is essential for stakeholders to address regulatory challenges and continue educating the public to fully harness the potential benefits of this intersection. this study provides evidence of the relationships between different digital banking services E wallet, Digital Banking, Service Accessibility, Internet Banking and SMS banking with Digital Financial Management. The findings suggest that increased utilization of E wallet and improved service accessibility are associated with higher chances of Digital

Financial Management′ High performance, while higher usage of Digital Banking and Service Accessibility is linked to lower chances of Digital Financial Management′ High performance. However, the relationship between Internet Banking and Digital Financial Management appears to be inconclusive based on the results obtained. These findings can be valuable for financial institutions and policymakers in understanding the impact of specific digital banking services on Digital Financial Management outcomes and tailoring their strategies accordingly.

RECOMMENDATIONS

1. Enhanced Accessibility: Collaborate with Islamic fintech providers to improve accessibility to digital financial management (DFM) tools for SMEs in Borama. This may involve developing user-friendly mobile applications and online platforms tailored to the needs and preferences of SMEs.
2. Capa-Building: Offer training and capa-building programs to SME owners and managers on utilizing Islamic fintech solutions effectively for DFM. These programs can focus on financial literacy, digital skills, and the specific features of Islamic fintech products and services.
3. Tailored Solutions: Work closely with Islamic fintech companies to develop Sharia-compliant DFM solutions that address the unique challenges faced by SMEs in Borama.Customizing these solutions to align with local business practices and regulations can enhance their adoption and effectiveness.
4. Financial Inclusion: Promote initiatives that aim to increase financial inclusion among SMEs, particularly those in underserved communities. This may involve facilitating access to microfinance services, credit facilities, and Islamic financing options to support the growth and sustainability of SMEs.
5. Partnerships and Collaboration: Foster partnerships between local government agencies, financial institutions, academia, and Islamic fintech companies to create a supportive ecosystem for SMEs' DFM initiatives. Collaboration can facilitate knowledge sharing, resource pooling, and the development of innovative solutions to address challenges.

LIMITATIONS

The study sample does not fully represent the entire SME population in Borama, which limits the generalizability of the findings. To ensure broader representation, future research could aim to increase the sample size and diversity.

The scope and context of the study primarily focused on Borama as a specific geographical context and Islamic fintech solutions. This may restrict the applicability of the findings to other regions or financial contexts. To address this limitation, future research could explore the transferability of the findings to different contexts and investigate the role of cultural, economic, and regulatory factors in shaping digital financial management practices among SMEs. And these are one of the limitations that needs to overcome.

- Infrastructure Challenges: Limited access to reliable internet connectivity and digital infrastructure in Borama may hinder the widespread adoption of Islamic fintech solutions among SMEs.
- Regulatory Environment: The regulatory framework governing fintech and Islamic finance in Somalia may be underdeveloped or ambiguous, posing legal and compliance challenges for implementing Sharia-compliant DFM solutions.
- Digital Literacy: Low levels of digital literacy among SME owners and managers may impede their ability to

effectively utilize Islamic fintech platforms and tools for financial management purposes.

- Cultural Barriers: Cultural norms and preferences may influence the acceptance and adoption of Islamic fintech solutions among SMEs in Borama. Understanding and addressing these cultural barriers is essential for successful implementation.
- Security Concerns: Concerns about data security, privacy, and cybersecurity threats may deter SMEs from embracing digital financial management solutions, particularly in regions with limited cybersecurity infrastructure and expertise. Efforts to build trust and confidence in Islamic fintech platforms are crucial to overcome these barriers.

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