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To Investigate the Role of Knowledge of Inclusive Finance in Intention of Inclusive Finance: The Moderating Effect of Embeddedness and Innovation.

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Abstract

In today's contemporary landscape, it becomes imperative to integrate inclusive investment structures and pioneering financial methodologies to meet the diverse financial needs of stakeholders. Practitioners involved in devising strategies for nationwide inclusive finance expansion could find utility in this research. The study used a cross-sectional research methodology and simple random sampling techniques to analyze the responses of the current study's respondents, who are owners/investors of micro-enterprises in Punjab, Pakistan. According to the findings of the study, having knowledge of inclusive finance has a considerable favorable effect on owners' intentions about inclusive finance through the perceived benefits and dangers of ordering finance. The role of innovation is one that helps to moderate. Innovation exerts a negative influence on the relationship between PROF and owners' IIF, whereas it has a positive impact on the relationship between PBOF and owners' IIF.

Keywords: PROF, PBOF, finance and micro-enterprises and innovation.

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BACKGROUND OF STUDY

The universality of a service object stands out as a central characteristic of inclusive finance. It involves a comprehensive service offering that extends financial services to all, especially those disadvantaged by traditional banking. This entails providing effective financial services that are widely available to all individuals (Song, 2017). A variety of financial services are provided by inclusive finance, which includes financial institutions, securities businesses, insurance companies, and micro credit firms, among others. A fair and innovative approach to inclusive finance does not just introduce innovative products and services but also introduce innovations in markets, systems, technologies, companies, and institutions. Inclusive finance is a form of financial model in which financial institutions offer a series of high-quality financial services to everyone, including the poor, disabled, rural population, and small businesses (Ashraf & Noor, 2010). In comparison to conventional monetary organizations, the main goal of inclusive financial institutions is to make inexpensive financial services more accessible to underserved people (Varghese, 2001). Inclusive financing plays a crucial role in enhancing the living conditions of small businesses and other vulnerable populations, contributing to the reduction of poverty. Small enterprises, in particular, rely on financial

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access to enhance production and broaden their entrepreneurial endeavors. A longstanding belief in the literature for decades has been that small enterprises have limited access to monetary resources and mechanisms (Sharif, 2000). Due to the fact that the majority of people are impoverished, bad road and rail network, and restricted possessions are all too typical (Li, Gan, & Hu, 2011). A growing number of businesses are focusing on the BOP market's potential commercial opportunities by developing products and services that cater solely to low-income people (Jebarajakirthy, Lobo, & Hewege, 2015). Customers' financial demands are simply met through the supply of inclusive finance (Pitta, 2008).

It is critical to explain the financial system in order to fully comprehend the importance of inclusive finance. Loan collaborative, profit-making banks, microcredit firms, postal discount banks, and Relational ventures are all examples of inclusive finance providers (WMFG, 2010). Microcredit companies, for example, are innovative companies in the financial structure (Tang, 2009). On the other hand, informal lending is a fairly frequent source of funding, which can suggest the market's potential size (Turvey and Kong, 2010). However, when it comes to the long-term viability of national economic growth, regional wealth disparities remain a major issue (Li, 2011). The central government has been offering financial access to populace through RCC to reduce the growing wealth gaps (Wang, 2004). Microcredit companies and other Relational, Structural and micro enterprises play an important part in the financial system.

However, customers' needs have not been satisfied by relational and structural entrepreneurs, owing to the misconception that they are new, creating a cause of misunderstanding (Wang et al., 2015). As a result, Relational entrepreneurs must continue to promote themselves in order to address the requirements of the underserved. In addition, the progress of shared financial development requires initiatives for a long period of time from a variety of shareholders, involving administration, inclusive financial organizations, Relational companies for speed up the formal adjustment of financial equipment and advance tune-up superiority and competence (Chan, 2010). In addition, a technology-focused tactic to inclusive financial institutions is necessary to guarantee the perseverance of an comprehensive financial organization and to advance the purpose of inclusive financial services (Koh, Phoon, & Ha, 2018). (Demirguc-Kunt, Klapper, Singer, & Ansar, 2018) in which deposits are usually calculated by the possession of entity financial records (Honohan, 2008).

However, if a person has a bank account it is not guaranteed that the account can be utilized as it should be (Sarma, 2016). According to loan conditions, many researches spotlight is only the right of entry to acclaim as venture charge and (Beck, Lu, & Yang, 2015) recognize this important spot plus apply both perspectives unconnectedly forgiving details about the affiliation connecting financial problems the entrance along with development of a small business. It has clarified the way in to finance (acknowledged as "journey instance till monetary center") be optimistically linked by the business, but to apply casual loans - not officially permitted ones - found being in line by sales expansion. Trade and industry maturity is closely related with inclusive financing (Long, 2016; Mitra & Das, 2018; Zhou et al., 2015, 2018) and made it clear that inclusive financing is closely linked to development. In excess of the previous century, developing, rising and even developing areas has begun improving inclusive economy.

A lot of companies via globe has started practices for the promotion of "Inclusive finance" through the development of specific sectors, information gathering and related regulatory organizations (World Bank Group, 2016). Moreover, the speedy progress in Digital financial services in addition to fresh technical transformations has been approaching the government to increase its inclusive revenue (Zhou, Arner, & Buckley, 2018). G-24 (2018, page 11) referred to analogue payments as a controlling instrument for disbursement. This report also states that 'A thriving analogue investment system is an input by Fin Tech to consolidating business in numerous areas, whereas modern equipment and techniques highlighted improving the analogue investment environment emerge and provide major surety'. (Salampasis and Mention 2018) noted that financial inclusion has a significant impact on sustainable economic development. In addition, it works as economic inclusion factor as well. Often, legitimate financial companies face failure for accomplishment of financial requests of small business.

What's more, it fails to please consumer financial contact policy. In addition, the progress of shared financial development requires continuing hard works of a variety of shareholders. The RCC and small credit companies provide small loans to people who do not have access to established financial companies by way of squat tariff (Tang, 2019). Therefore, consolidated finances can empower small businesses, local retailers and small and medium enterprises for increasing speed of profitability (Li, 2011). Through such viewpoint, it is important to improve the effectiveness of "inclusive financing" in order for reconsidering "the economy and the domestic demand-led model (Li, 2011)". While public enterprise has grown little market share, thousands of small companies and retailers crosswise country has profited by loan by instance (Barki & Parente, 2010).

Consequently, small businesses represent a potential opportunity for inclusive financial development. The IFAD has introduced another thought known as "Inclusive transformation" "that takes place inside the boundary's transformation course, including rising productivity, trade and diversion of manufacturing terms and livings surrounded by the small business division" (IFAD 2016). Finally, the goal of inclusive change is to fetch small businesses interested in the economic sphere and make certain that each and every person, especially small business owners, be capable to work out the economic and biased constitutional privileges, expand the economic budding and seize gain to future chances by economic development. Investment is a vital element of an inclusive domestic change as it facilitates admittance, as well as spending on small business owners that cannot be counted on economic augmentation and maturity. By (Smith 209; Schumpeter 2020; Drucker 2019) argue that they promote business expansion.

Nevertheless, it is revealed that financial restrictions impose limitations upon business activities in the nearly all urbanized regions comparatively (Paulson and Townsend 2004). In the case of equity, contact to huge-profit contracts and the point of outlay would exaggerate by credit ease of use. To put it another way, due to loan limitations, tiny businesses must depend upon private prosperity or supplementary forms of comfortable lending to put in attractive enlargement possibilities (Beck et al., 2015). Access to financial services for rural communities is intimately tied to inclusive finance (Bhaskar, 2013). It offers a diverse series of financial goods and services to less-income and unbanked persons, primarily in rural areas. Because of their low income, established monetary services and goods often miss these rural residents. Inclusive finance, on the other hand, assists residents in rural areas in saving money, supporting

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their businesses and families, hedging against everyday hazards, and promoting their financial tricks (Sinha, 2018; Sun, 2017). It too means each individual be supposed to use suitable financial goods and services. Typically, this procedure begins with the establishment of a bank report or a financial transaction account (Demirguc-Kunt, 2018). Review of International Business 'It comprises admittance of loan to official monetary outlets which allows youngsters to endow in learning and trade prospects, plus the usage of proper assurance goods which allows citizens to handle financial risks better, (Demirguc-Kunt, 2018) remarked.

In the financial world, it was predicted that the development of inclusive finance can be followed by technology advances rather than traditional systems (G-24, 2018; Siddik & Kabiraj, 2020). The promotion of entrepreneurial activities as a means of eradicating poverty is a specific goal of inclusive financial policy. However, it raises the question of how much access to finance truly fosters entrepreneurial activity, and little is known about this. As per (Schumpeter, 1934), entrepreneurship "consists essentially in repurposing current infrastructure, in doing fresh stuff with them, regardless of whether those reserves expand or not". In this research, we're concerned about Schumpeter's view for "performing modern possessions" through growing entrepreneurship to new companies, expansion and relocating current income in a latest technique. Financial inclusion, by the side of slightest in requisites of lending, is regarding ensure the adequate funds is in position for support the unavoidable extension is to be continued. Financial inclusion encompasses both "right of entry to" and "usage of" financial services (Claessens 2006; Sarma 2016).

(Claessens 2006) defines access as the accessibility for supplying rational value financial services at realistic rates, whereas use of financial services is vigorous command behavior. In this perspective, financial inclusion is divided into two stages: "contact to" and "usage of" financial services. Threat ration (security), price rationing (demand), transactions cost rationing (convenience, travel cost, fees), and credit rationing (supply constraints) (Boucher, Carter, and Guirking 2008; J. Verteramo Chiu, V. Khantachavana, and G. Turvey 2014), as well as the presence of physical or psychological obstacles and cultural or religious factors, may all contribute to voluntary exclusion from accessible financial services (Diniz, Birochi, and Pozzebon 2012; Sarma 2016). Involuntary exclusion, on the other hand, is caused by a need to way in, such as thin market and loan limitation. The distinction between access and use is voluntary exclusion.

Financial literacy and financial surroundings may also have an impact on micro businesses. Financial literacy, described as "the aptitude for employing awareness and abilities to successfully handle financial assets for life span of financial wellbeing" (UNDP 2012), is a critical constituent of financial inclusion and has been linked to better planning (Lusardi and Mitchell 2007). The perfection and inclusiveness of the financial system embodied by inclusive finance can bring more abundant financial services for more consumers in the development of regional economies, which means that the method of regional money flow does not just run through the capital operations of large enterprises, but can also focus on solving the money issues of small and medium-sized enterprises. The application of inclusive finance contributes significantly to the diversification of regional industry, provides additional development chances for micro, small, and medium-sized businesses, and successfully encourages the growth of rural finance to

enrich regional economic activity. At mini scale, an "inclusive financial system" can offer small loan to further diminutive, and medium-sized businesses, allowing for better utilization of regional finances and alleviating low-income people' financial troubles. Inclusive finance has the potential to eliminate poverty, increase overall societal income, and sustainable solutions enterprise financial challenges. Furthermore, it increases the flow rate of provincial capital and has a beneficial impact on regional technology innovation (Chien & Devaney, 2001).

The safety of user data is jeopardized. Inclusive Finance's financial services are becoming increasingly reliant on innovation. The secrecy, reliability, and security of digital technology have a significant effect on the quality of financial services and the safety of clients in the age of Internet information. Financial fraud and the "running the road" of internet lending platforms are both common occurrences. Even exposing consumer data is a problem. This would not only inflict irreversible harm to the identity of the user and assets, but it also jeopardizes the financial market's stability. The framework for financial scientific and technological supervision has yet to be formed, and the legislative standards and institutions in place are imperfect and missing. It needs to be seen how present governmental regulations and mechanisms can be implemented. As a result, financial technology can lead to the growth of inclusive finance(Zhang Miaoa, 2018).Zhang, Long, & Zhao, (2021)Economic activities have gained increasingly financial resources as a result of the establishment of the inclusive finance system, resulting in more and more prospects for economic development.

Financial services coverage has grown year after year. Financial institutions have continuously expanded in number. The number of banking financial institution outlets and workers has expanded fast in all parts of the country, with bank branches per 10,000 people. Further assisting industry restructuring, transformation, and upgrading has become a major responsibility for comprehensive deepening reforms. ATMs and POS machines have increased beyond conception, and the amount of loans has also shown consistent growth. Simultaneously, after more than two decades of development, the credit information sector has reached a certain level of maturity, and the public financial data system has progressively taken shape (Zhang Miaoa, 2018).According to Zhou Xiao chuan,(2013), inclusive finance highlights that financial services may be expanded to underdeveloped regions and low-income individuals at a cheap cost by strengthening financial systems and providing them with suitable and quick financial services at a low cost. Financial services accessibility; inclusive finance should be defined by affordable costs, a varied range of services, regulatory prudence, long-term development, and market competitiveness. Financial technology helps to broaden the breadth and reach of accessible financial services.

Financial services can not only improve the accessibility of financial services for disadvantaged individuals, but it can also be used to innovate financial service models, expand financial service channels, and realize smart investment, Internet banking, and sharing by incorporating modern technologies alike machine learning, large statistics, and obscure computing. Economic and innovative applications can expand financial services to areas like public transport services, medical services, cultural awareness, financing and wealth management, as well as provide reasonably priced and minimal financial services to all social groups. They can also improve urban customer experience and leadership intelligence and information.

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The innovation of financial products and services has improved dramatically, as the quality of financial services and the use rate of digitized financial products. Even if inclusive financial development has made considerable progress, it still has major flaws. With regard to the need to cut rates and improve contentment, the business plan has become the most significant failure in broadening and deepening inclusion (Zhang Miaoa, 2018). The growth and training of capabilities to encourage the growth of inclusive finance is woefully inadequate, lacking the ability to effectively produce a vast number of data resources. They understand and recognize financial services and Online finance using modern methods and means to participate in financial services because of the low overall quality of manpower in remote regions and the dearth of sustained funding, talent, and technology investment in financial knowledge and credit system renovation in rural areas.

Through use of financial technology to encourage the implementation and scope of IF is hampered by a lack of understanding in general. Constant incorporation of information technology and financial services not only drives financial service innovation, but it also highlights cross-industry and pass financial risks, as well as information technology operational risks, trying to pose unique demands for financial security and stability. Financial technology-related hazards can be a catastrophic blow to these marginalized communities, contradicting the fundamental goal and relevance of inclusive financial growth. As a result, regulatory authorities should concentrate on the financial tech sector that supports inclusive finance and boost monitoring to ensure that relevant entities can adhere to national and financial industry standards and safety requirements, as well as standardize service offerings, technology infrastructure, and business models. Safety, based on the implementation of financial technology to expand financial services coverage and effectively protect people's financial assets.

Financial technology, being a new industry, has a lot of potential and room for growth. As a result, the primary goal of this research is to look into the benefits and risks of acquiring ordered finance as well as the financing intention of inclusive finance. It goes on to look into associated variables, the embeddedness of micro enterprises, and innovation as moderating factors to see how these affect the model. For research purposes, a unique conceptual model has been designed and practically evaluated. The presented model and its conclusions could be adapted to different client segments in the micro business market, resulting in management implementations. In Pakistan in 2022, 160 genuine empirical data were obtained from respondents under the age of 60. The information gathered represented Pakistani micro businesses.

The research questions of the study lead to the following research objectives;

1. To examine the effect of knowledge of inclusive finance on Intention of Inclusive Finance.
2. To examine the moderating role of Perceived Benefits of Ordering Finance between knowledge of inclusive finance and Intention of Inclusive Finance.
3. To examine the moderating role of Perceived Risks of Ordering Finance between knowledge of inclusive finance and Intention of Inclusive Finance.
4. To examine the moderating role of Embeddedness.
5. To examine the moderating role of innovation.

Development of conceptual model

Knowledge is an element of human mental representation that has a substantial impact on how people perceive a specific item or experience (Jebarajakirthy and Lobo, 2019). Traditional finance's excluding groups frequently face issues such as a lack of financial understanding and cognitive aptitude, as well as a lack of risk assessment and preventive capacities. At the same time, the current state of financial innovation is still in its adolescence, the usefulness of financial services is unequal, and fake e-mails continue to emerge one after another, all of which has exacerbated such organizations' opposition to this new type of financial services to a somewhat extent. The conceptual model is developed on the bases of literature.

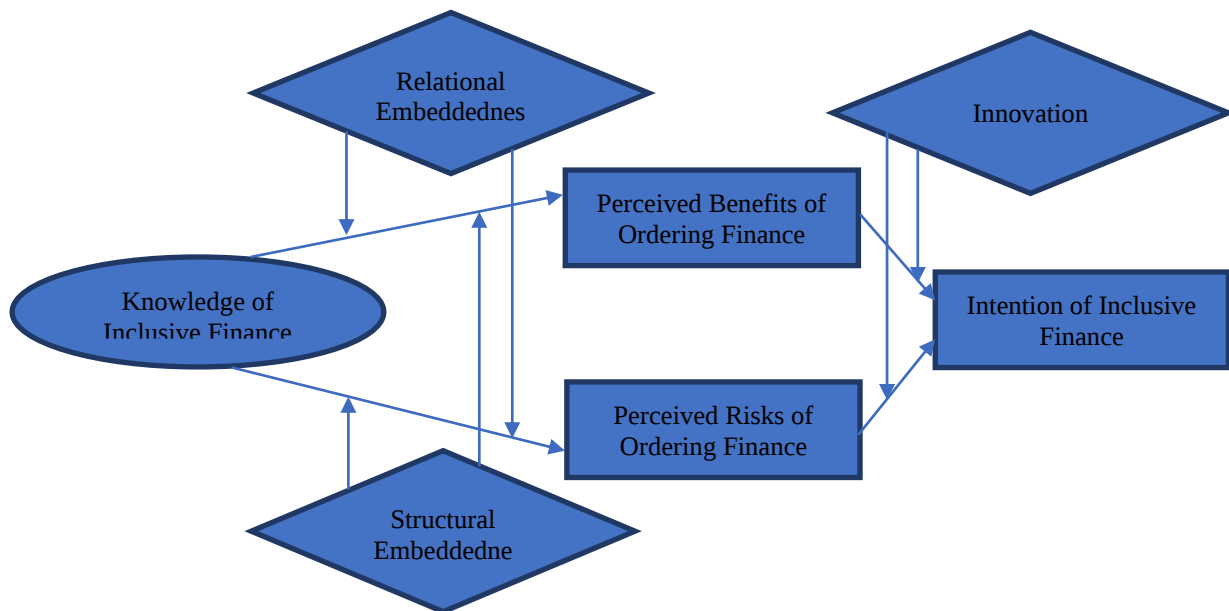


Figure 1.
Conceptual Framework

DEVELOPMENT OF HYPOTHESIS

“Knowledge of inclusive finance’s” effects on attitudes

Consumer awareness of inclusive financial terms like interest rate, operating charge, payment process, and so on is referred to as knowledge of inclusive finance (Cheng, 2017). Consumers who are well-versed in inclusive finance has the coherent perceptive of the rewards and dangers that come by means of financial conclusion (Chien and Devaney, 2010). Trade economic executive’s criteria are on the amount basis of data they have (Michael, 2009). It implies so as to clients who have significant financial product knowledge are more likely to make reasoned and risk-averse buying choices (Smith, 2008).

Be short of comprehensive financial information, on the other hand, leads to rash and irrational actions, in which consumers may exaggerate the desirable and unfavorable

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outcomes of their investment choices depending on conceptual attitudes of them (Jebarajakirthy, 2020). Because inclusive finance is difficult for the vast majority of small businesses to comprehend, less educated clients are at a significant drawback in the inclusive credit marketplace (Cheng, 2017). Small businesses facing illiteracy challenges might avoid situations in which they are forced to reveal their lack of understanding in terms of inclusive financing. That's why, 2 hypotheses are made like:

H1. KIF has positive effect on PBIF

H2. KIF has positive effect on PPROF .

Attitudes' impact on intention of inclusive finance (IIF)

Attitudes and conduct have a complicated relationship. The underlying research would look at two distinct kinds of attitudes to look at relationship linking them and the intention to use inclusive financing. (Pitta et al. 2008) proposed three forms of financial decision-making attitude: perceived rewards, apparent risk and supposed deterrents. Supposed deterrents are elements of financial exclusion, hence they were not used in this study. Additionally, given Pakistan's inclusive finance system's market maturity, perceived dangers and rewards be combined as dual kinds of fundamental attitudes towards inclusive finance.

As a result, there are two attitudes' kinds: perceived reward and perceived hazards. Benefits of taking out a loan, as seen by the customer. According to the findings of Jebarajakirthy, (2015). Survey', customers' intentions can be greatly boosted by perceived benefits. As a result, consumers' good perceptions of inclusive finance can boost their borrowing intentions. The two forms of perceived benefits Gärling(2009) are direct and indirect benefits. Consumer perceptions of inclusive finance's immediate and short-term beneficiaries are referred to as direct benefit (Koh, 2018). A sort of direct benefit is the anticipation of increased household income from the usage of financial services. Indirect benefit refers to customers' perceptions of significant and enduring benefits resulting as of using inclusive finance products (Koh, 2018). Thus, the third hypothesis made the same as:

H3. PBOF has a positive impact on the IIF

Perceived risks of ordering finance (PROF)

Taking financial decisions needs significant intellectual bookkeeping and the convinced level of risk perception (Michael, 2009). Consumers' perceptions of inclusive finance's potential negative implications are discussed in this study. Risk-relevant observation lies in the middle of persons from the bottom of pyramid in terms of accessibility and availability of inclusive financing (Turvey and Kong, 2010). In Pakistan, IF is a relatively novel idea, as scope of business of inclusive financial institutions have not yet realized its full latent reasoned by a number of constraints (Li, 2011). On the other hand, given the owners' less literacy pace, it's understandable that intricate financial concepts and operational procedures could be viewed as possible hazards by owners of small enterprises (Li et al., 2011).

Perceived risks, according to Jebarajakirthy, (2015), lower consumers' desire to get financial services and, as a result, reduce the desire for inclusive financing. Consumers

with lower income, on the other hand, do not consider perceived risk because having fewer to lose from foolish, hasty financial decisions (Michael, 2009). In support of example, extremely sure customers are less concerned about societal risk associated with acquiring financial services that benefit the under banked, but financially and psychologically fragile individuals may face unfavorable social hazards (Godwin, 1997).

Previous research investigations have identified five elements of risk (Jacoby & Kaplan, 1972). Populace are often apprehensive about the hazards of their decisions, as seeking for credit could jeopardize their monetary security (Jacoby & Kaplan, 2022). Consumers' perceptions of the hazards of inclusive finance are reducing their intentions, according to academics (Cheng, 2017; Ali, 2011). Physical risk is defined as an individual's interpretation of the consequences of behavior that affects their physical safety; psychological risk is defined as an individual's insight of the penalty of a conclusion that affects their self-esteem; financial threat is defined as an individual's perception of over-indebtedness. According to Jebarajakirthy, (2015), PR reduces clients' intention and diminishes the clients' IIF. Accordingly, fourth hypothesis is made:

H4. PROF has positive effect on IIF

Moderating effects of relational and structural enterprises embeddedness

Relational enterprise is a type of business that generates revenues and ensures long-term viability through maximizing societal worth (Dees, 2019). Relational enterprise combines viable stability with public safety to improve a society's overall worth (Doherty, 2014, Noor, 2010). Individuals' informational locations in the network embeddedness are described by structural embeddedness (Gulizhaer Aisaiti, 2019). Relational and structural enterprises priorities vulnerable relational groups such as small businesses, and they can involve this concept for serving economy's interests (Wang, 2015).

Many relational and structural firms, such as Microcredit companies, primarily target small businesses, having small amount of loan and large time period (Zhang, 2010). Relational and structural firms offer non-financing services like business technique instruction, novelty in addition to inclusive financial services like microcredit loans (Xie et al., 2017). In this regard, a person's desire to accept services from a relational organization is linked to their trust in the institution. Trust, according to Gärling, (2009), can minimize ambiguity by making risks manageable.

Numerous relational and structural firms, such as Microcredit companies, primarily target small businesses. In this regard, a person's desire to accept services from a relational organization is linked to their trust in the institution. The second pillar of trust is interpersonal trust, which refers to customers' confidence and favorable expectations in relational and structural enterprise functional features (Epstein and Yuthas, 2011). The level of consumer trust and willingness to use services might indicate relational and structural enterprise embeddedness. The level of consumer trust in relational and structural businesses may have an impact on small business owners' financing intentions (Liu, 2013).

Embeddedness of relational and structural enterprise can bridge the gap for IF services. Due to the limitations of their low educational level, most small businesses have trouble understanding financial conditions and relevant information with request for the payback progression (Zhang, 2020). They may conscious of financial requirements, other

than they have a more pessimistic view about how to use the loan to maintain and increase family income. As a result, the embeddedness of relational and structural enterprises can provide guidance to small business owners who lack financial awareness and investment capacity. Small business owners' grasp of inclusive finance and associated terms improves as a result of the relational and structural enterprise embeddedness with. Moreover, relational and structural firms can create a platform to connect small businesses to wholesaler and boost revenue, thus increasing the perceived benefits of small business owners (Xie, 2017). Relational enterprise embeddedness, by offering an assisting mechanism, can track small business owners' credit and prevent them from defaulting on loans, potentially lowering their perceived risks. As a result, we hypothesized to extent of relational enterprise embeddedness having moderate effect upon risk easiness and inclusive finance positive prospect (Mayer et al., 1995). For this reason, the hypotheses are proposed as:

H5. RE moderates the relationship between KIF and PBIF

H6. Relational Embeddedness moderates the relationship between KIF and PROF

H7. Structural embeddedness moderates the relationship between KIF and PBOF

H8. Structural embeddedness moderates the relationship between KIF and PROF

Moderating impacts of innovation (IN)

The primary goal of IF is to broaden compass, accessibility and fulfillment of innovative financial services to satisfy people's growing financial requirements in a simple, efficient, and secure manner (Koh, 2018). Financial services innovation plays a vital role in enhancing service efficiency and saving a large amount of transaction costs produced by using innovative financial services instead of traditional techniques (Bruett, 2007). Furthermore, it has significantly reduced transaction costs and increased the accessibility of inclusive financing by providing convenient and flexible financial services (Owens, 2013).

The ability of new financial services to connect suppliers and consumers, as well as consumers and consumers, is a key aspect. Customers can use their mobile phones for communication. Clients' imbursement transactions are facilitated by third-party payment programs such as Jazz cash payment and easy paisa payment. Furthermore, in terms of economic growth, small businesses rely more on innovative financial services and generate higher marginal revenue when they use inclusive finance.

Though, financial expertise limitations and inadequate educational literacy may make it difficult for rural households to weigh the benefits and drawbacks of inclusive finance. With lower transaction costs and faster turnaround times, financial innovation could improve the relationship between perceived advantages and inclusive finance funding intentions. Small businesses can easily shift currency via analogue account with no risk the slaughter of cash, as opposed to traditional face-to-face transaction methods. In addition, the efficiency and virtual transparency of modern financial services may reduce risk perceptions among small businesses. For this reason, the hypotheses are formulated:

H9. Innovation moderates the relationship between PBOF and IIF

METHODOLOGY

Research Design

To assess the structural link among hypothesized underlying variables, this study used quantitative research approach. In this research, a cross sectional research design is used, in which data is gathered just once. Simple random sampling is used as sampling technique. This research is empirical and due to time and financial restrictions, the current research used a cross-sectional design rather than a longitudinal research design (Baltes, 2022).

Population

Population of the study is based on the owners'/investors of micro enterprises in Pakistan, those clients who are facing financial and non-financial issues to run micro enterprises.

Unit of Analysis

As the respondents of the present study are owners'/investors of micro enterprises in Punjab, Pakistan, therefore, the unit of analysis is individual.

Sampling Technique

The population of the existing study is stretch on Punjab, Pakistan. To cover the entire population, simple random sampling technique is suitable (Mann, 2003).

Sample Size

As the current study is based on small enterprises owners' in Punjab, Pakistan, therefore, sample size is based on demographics. So according to the age view point, the sample should be between 18 to 60 years old owners of small enterprises. This age range is ethically applicable for the clients of inclusive finance (Rasheed & Siddiqui, 2022). By the attributes of respondents, the small enterprises owners in Punjab Pakistan are selected. Consequently, sample size for this research is 400 owners/investors of small enterprises and these were randomly chosen from Punjab, Pakistan.

Statistical Tool

The acquired data in the current research is evaluated through Smart PLS 3. However, SPSS is used for descriptive analysis. Through Smart PLS 3, the analysis is separated into two main parts. In the first part, assessment of measurement model is performed. Measurement model is investigated through factor loading, Cronbach's alpha, composite reliability, convergent validity, discriminate validity and average variance extracted (AVE). By (Hair Jr, Matthews, Matthews, & Sarstedt, 2017), acceptable value of reliability is more than 0.7. Moreover, factor loading should be more than 0.5 (Matthews, Hair, & Matthews, 2018). Furthermore, average variance extracted (AVE) should be more than 0.5 (Ringle, Sarstedt, Mitchell, & Gudergan, 2020). Convergent validity is to be assessed through internal consistency. In second part, Smart PLS bootstrapping is utilized to test the moderation effect in which direct and indirect effect is being observed. Furthermore, effect size (f^2) and predictive relevance (Q^2) are to be analyzed.

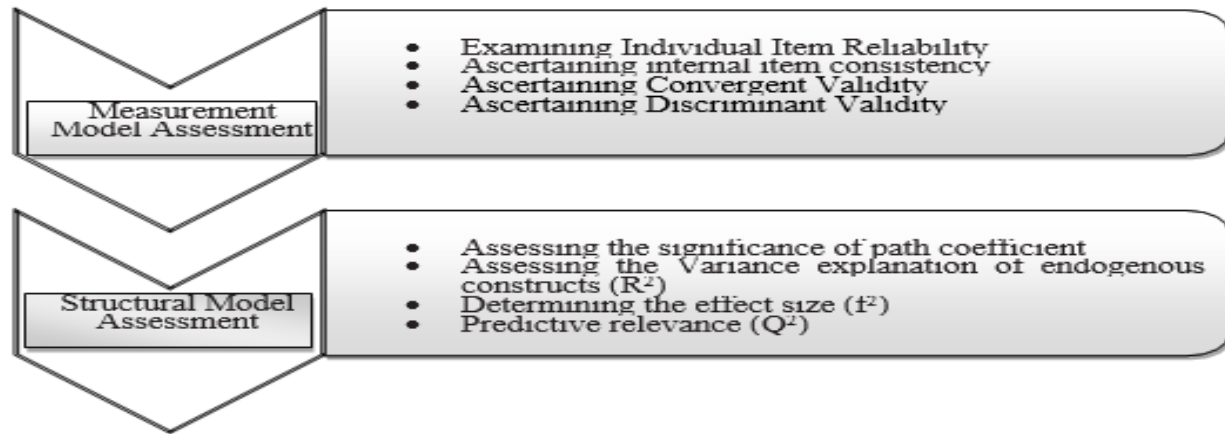


Figure 2.
PLS-SEM

Source: Henseler, Ringle, and Sinkovics (2009)

Data Analysis

The current research carried out data analysis to investigate the errors in the data. The errors involve missing value as well as outlier in the data. After data screening the data statistics are shown in Table 8, which indicates that there is no missing value or outlier. Therefore, the current data has achieved the sufficient quality to proceed for further analysis 400 questionnaires were delivered to owners of small enterprises for data collection, 285 responses were received.

Table 1.
Data Statistics

	No.	Missing	Mean	Median	Min	Max	Standard Deviation	Excess Kurtosis	Skewness
KIF1	1	0	3.242	3	1	7	1.528	-0.523	0.093
KIF2	2	0	3.247	3	1	7	1.813	-0.605	0.45
KIF3	3	0	3.524	3	1	7	1.897	-0.805	0.325
KIF4	4	0	3.502	3	1	7	1.913	-0.805	0.386
KIF5	5	0	3.537	3	1	7	1.736	-0.489	0.303
KIF6	6	0	3.498	4	1	7	1.828	-0.739	0.236
RE1	7	0	3.507	4	1	7	1.838	-0.896	0.146
RE2	8	0	3.674	4	1	7	1.884	-0.811	0.212
SE2	9	0	3.705	3	1	7	1.881	-0.785	0.305
SE3	10	0	3.674	3	1	7	1.942	-0.788	0.372
PBOF1	11	0	3.568	3	1	7	1.891	-0.726	0.385
PBOF2	12	0	3.577	3	1	7	1.872	-0.641	0.369
PBOF3	13	0	3.612	3	1	7	1.896	-0.779	0.319
PBOF4	14	0	3.485	3	1	7	1.804	-0.497	0.458
IN1	15	0	3.537	4	1	7	1.922	-0.928	0.214
IN2	16	0	3.458	3	1	7	1.835	-0.665	0.326
IN3	17	0	3.652	3	1	7	1.795	-0.67	0.256
IIF1	18	0	3.066	3	1	7	1.478	-0.101	0.602
IIF2	19	0	3.167	3	1	7	1.498	0.482	0.906
IIF3	20	0	3.225	3	1	7	1.444	0.78	0.9
PROF1	21	0	3.154	3	1	7	1.454	0.446	0.751
PROF2	22	0	3.097	3	1	7	1.395	0.493	0.668
PROF3	23	0	3.194	3	1	7	1.507	0.314	0.701
PROF4	24	0	3.141	3	1	7	1.453	0.562	0.836

The response rate is 71.25%. It is shown in Table 9 that from 285 respondents, 66.67% respondents are male and 33.33% are female respondents. According to the age demographic profiles shown in table 9, 21.80% respondents' age group is 18-30 years, 40.35% respondents' age group is 31-40 years, 24.25% respondents' age group is 41-50 years, 9.80% respondents' age group is 51-60 years and 3.80 respondents are of 60 above aged. According to the demographic profile of education level, the education level of 46.35% owners' is matric or below, the education level of 7.45% owners is intermediate, the education level of 42.81% owners is bachelor degree and 3.39% owners are master degree holders or above. According to demographical profile of monthly income, 5.27 owners' monthly income is 20,000 to 40,000, 60% owners' income is 41,000 to 60,000, 28.77 owners' monthly income is 61,000 to 80,000, 4.56 owners' income is 81,000 to 90,000 and 1.4% owners' monthly income is More than 90,000.

Table 2.
Survey respondents' demographic profiles

Demographics	Categories	Frequency (N = 285)	Percentage
Gender	Male	190	66.67
	Female	95	33.33
Age	18-30	62	21.80
	31-40	115	40.35
	41-50	69	24.25
	51-60	28	9.80
	60 above	11	3.80
Qualification	Matric	132	46.35
	Intermediate Level	21	7.45
	Bachelor degree	122	42.81
	Master degree or above	10	3.39
Monthly income (Pakistani Rupee = PKR)	20,000 to 40,000	15	5.27
	41,000 to 60,000	171	60.00
	61,000 to 80,000	82	28.77
	81,000 to 90,000	13	4.56
	More than 90,000	04	1.40

The current research carried out data analysis by the assistance of Partial Least Square Structural Equation Modeling. Partial Least Square Structural Equation Modeling is based on two major steps. The initial footstep is Measurement Model Assessment and the next step is Structural Model Assessment. Firstly, in this research confirmatory factor analysis is carried out, in which reliability and validity is investigated.

This research examined factor loading in measurement model assessment which are given in Table 10 and in Figure 3 PLS measurement model is given. The minimum level of factor loading in the current research is 0.5. Therefore, all the items must achieve 0.5 to retain. However, the other factors having factor loading below 0.5 must be deleted. All the scale items have factor loadings above 0.5 as shown in Table 10. Therefore, all the items are retained.

Table 3.
Factors loading

	IN	IIF	KIF	PBOF	PROF	RE	SE
IIF1		0.89					
IIF2		0.93					
IIF3		0.929					
IN1	0.92						
IN2	0.934						
IN3	0.921						
KIF1			0.895				
KIF2			0.904				
KIF3			0.902				
KIF4			0.883				
KIF5			0.892				
KIF6			0.903				
PBOF1				0.909			
PBOF2				0.902			
PBOF3				0.928			
PBOF4				0.909			
PROF1					0.904		
PROF2					0.916		
PROF3					0.942		
PROF4					0.939		
RE1						0.94	
RE2						0.943	
SE2							0.954
SE3							0.954

After factor loading this research examined the reliability and validity as well. This research considered composite reliability to check the reliability. The minimum level of composite reliability is 0.7. The composite reliability of Innovation, Intention of Inclusive Finance, KIF, PBOF, PROF, Relational Embeddedness and Structural Embeddedness is above 0.7 as shown in Table 11. Furthermore, the Cronbach Alpha is also examined in this research to check the reliability and it is shown in Table 11 that all the variables have achieved 0.7 Chronbach Alpha for all variables. Furthermore, this study also examined Average Variance Extracted which should be above 0.5.

In Table 11 it is shown that AVE for Innovation is 0.855, for Intention of Inclusive Finance it is 0.84, for Knowledge of Inclusive Finance it is 0.804, for Perceived Benefits of Ordering Finance it is 0.832, for Perceived Risks of Ordering Finance it is 0.857, for Relational Embeddedness it is 0.887 and for Structural Embeddedness is 0.91. The achievement of minimum value of AVE is above 0.5 and composite reliability above 0.5 shows that the convergent validity is confirmed.

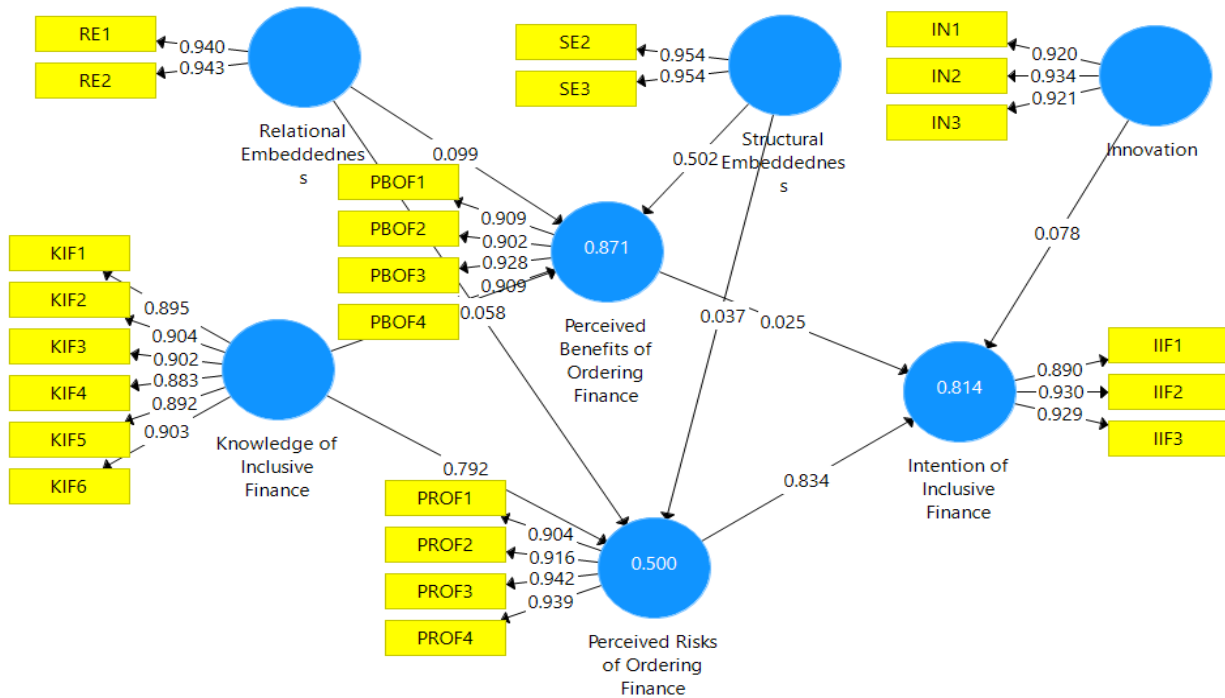


Figure 3.
PLS Measurement Model

Table 4
Alpha, CR and AVE

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
IN	0.916	0.916	0.947	0.855
IIF	0.904	0.905	0.94	0.84
KIF	0.951	0.951	0.961	0.804
PBOF	0.933	0.933	0.952	0.832
PROF	0.944	0.945	0.96	0.857
RE	0.873	0.873	0.94	0.887
SE	0.901	0.901	0.953	0.91

Furthermore, this study examined the discriminant validity. Discriminant validity is accessed by the assistance of Hetero-Trait Mono-Trait ratio. It can also be written as HTMT and cross loading. It is shown in Table 12 that HTMT value is below 0.9 which is the minimum criteria in the current study. Therefore, discriminant validity is achieved as well.

Table 5.
HTMT

	IN	IIF	KIF	PBOF	RE	SE
IN						
IIF	0.699					
KIF	0.864	0.733				
PBOF	0.749	0.665	0.596			
PROF	0.692	0.673	0.744	0.661		
RE	0.687	0.686	0.797	0.644		
SE	0.798	0.679	0.771	0.795	0.752	

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The average variance extracted square root is used to assess the discriminant validity of all the variables. The positive square root of the AVE for each variable should be equal to or higher than 0.5 as 0.5 is acceptable value of AVE square root. The AVE square root values of variables of current study are above than 0.5 as shown in Table 13.

Table 6.
AVE Square Root

	IN	IIF	KIF	PBOF	PROF	RE	SE
IN	0.899						
IIF	0.799	0.888					
KIF	0.576	0.853	0.898				
PBOF	0.549	0.705	0.789	0.868			
PROF	0.652	0.754	0.703	0.854	0.798		
RE	0.658	0.601	0.654	0.564	0.589	0.765	
SE	0.721	0.610	0.523	0.756	0.701	0.654	0.785

In the next step of Partial Least Structural Equation Model, this study used PLS Structural Model to examine the relationship among variables. In this procedure, this study considered the t-value and beta value. T-value 1.96 is considered to accept or reject the hypothesis. If the t-value of hypothesis is above 1.96 it was considered as accepted whereas if the t-value of hypothesis is below 1.96 it was considered as rejected. Furthermore, beta-value used to examine the direction of relationship. In this process this study tested 10 hypotheses which are given below:

Hypothesis 1: KIF has positive effect on PBOF

Hypothesis 2: KIF has positive effect on PROF

Hypothesis 3: PBOF has positive effect on IIF

Hypothesis 4: PROF has positive effect on IIF

Hypothesis 5: Relational Embeddedness moderates the relationship between KIF and PBOF

Hypothesis 6: Relational Embeddedness moderates the relationship among KIF and PROF

Hypothesis 7: SE moderates the relationship between KIF and PBOF

Hypothesis 8: SE moderates the relationship between KIF and PROF

Hypothesis 9: Innovation moderates the relationship among PBOF and IIF

Hypothesis 10: Innovation moderates the relationship between PPROF and IIF

PLS structural Model is given in Figure 4 and results are given in Table 14.

Hypothesis 1: Is accepted since the t-value is 4.154 which is more than the minimum criteria 1.96 and the beta value is 0.363.

Hypothesis 2: Is supported as the t-value is 4.838 which is more than the minimum criteria 1.96 and the beta value is 0.792.

Hypothesis 3 is supported because the t-value is 2.06 which is more than the minimum criteria 1.96 and the beta value is 0.025.

Hypothesis 4 is supported because the t-value is 27.143 which is more than the minimum criteria 1.96 and the beta value is 0.834.

Table 7.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T (O/STDEV)	Statistics (O/STDEV)	P Values
KIF ->PBOF	0.363	0.36	0.087	4.154		0
KIF ->PBOF	0.792	0.783	0.164	4.838		0
PBOF ->IIF	0.025	0.027	0.01	2.06		0.038
PROF ->IIF	0.834	0.831	0.031	27.143		0

Direct effect results

Moreover, 6 moderation effects are examined. PLS Structural Model is shown in Figure 4 and moderation effect is shown in Figure 5. The outcomes are shown in Table 15.

Hypothesis 5 is accepted since the t-value is 1.99. The beta value is 0.019 which indicates that relational embeddedness strengthens the relationship among KIF and PBOF.

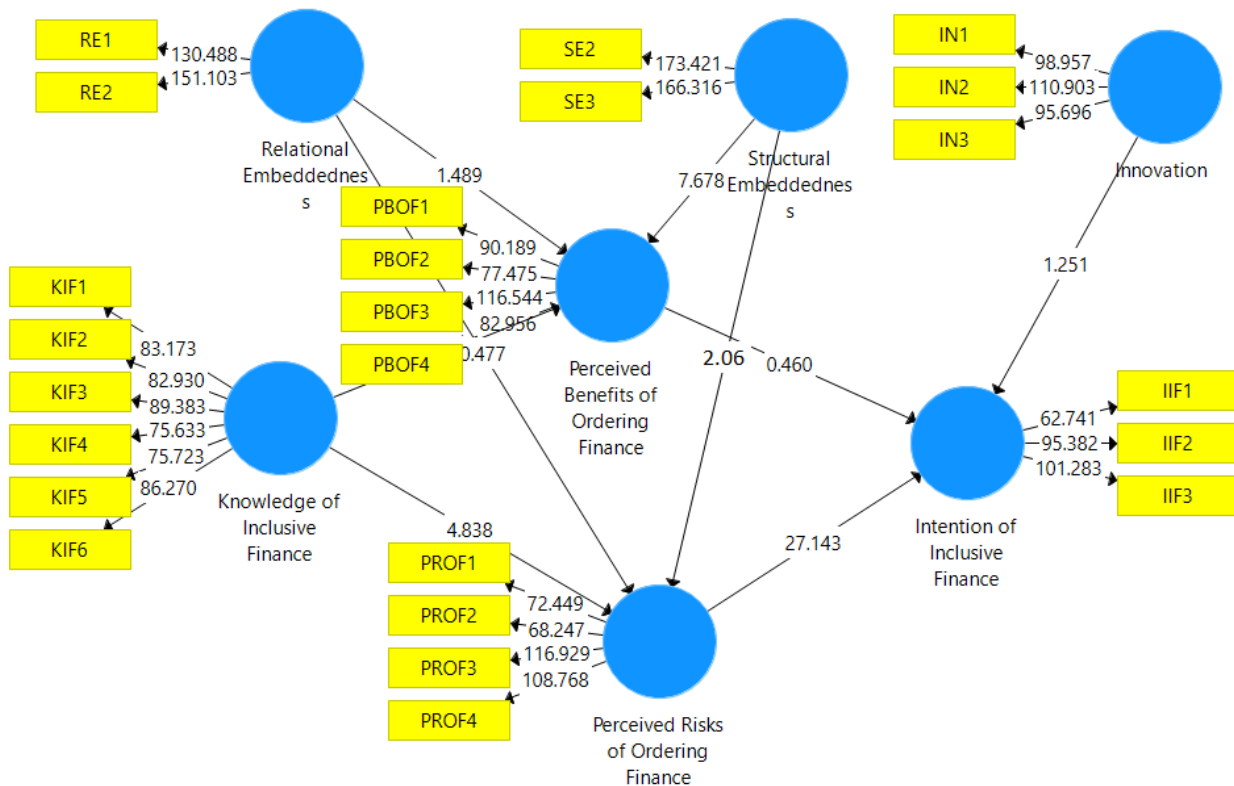


Figure 4
PLS Structural Model

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Hypothesis 6 is not supported because the t-value is 1.128. The beta value is 0.126 which indicates that relational embeddedness weakens the relationship between KIF and PROF.

Hypothesis 7 is not supported because the t-value is 0.394. The beta value is 0.025 which indicates that structural embeddedness weakens the relationship between KIF and PBOF.

Hypothesis 8 is not supported because the t-value is 0.201. The beta value is 0.022 which indicates that structural embeddedness weakens the relationship between KIF and PROF.

Hypothesis 9 is supported because the t-value is 3.69 and beta value is 0.063 which shows that Innovation strengthens the relationship between PBOF and IIF.

Hypothesis 10 is not supported because the t-value is 1.421. The beta value is 0.076. Innovation moderates the relationship between PROF and IIF.

Table 8.
Moderation Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Moderating Effect 1 ->PBOF	0.019	0.015	0.01	1.99	0.04
Moderating Effect 2 ->PROF	0.126	0.133	0.111	1.128	0.26
Moderating Effect 3 ->PBOF	0.025	0.023	0.063	0.394	0.694
Moderating Effect 4 ->PROF	0.022	0.026	0.107	0.201	0.841
Moderating Effect 5 ->IIF	0.063	0.06	0.017	3.69	0
Moderating Effect 6 ->IIF	0.076	0.084	0.054	1.421	0.156

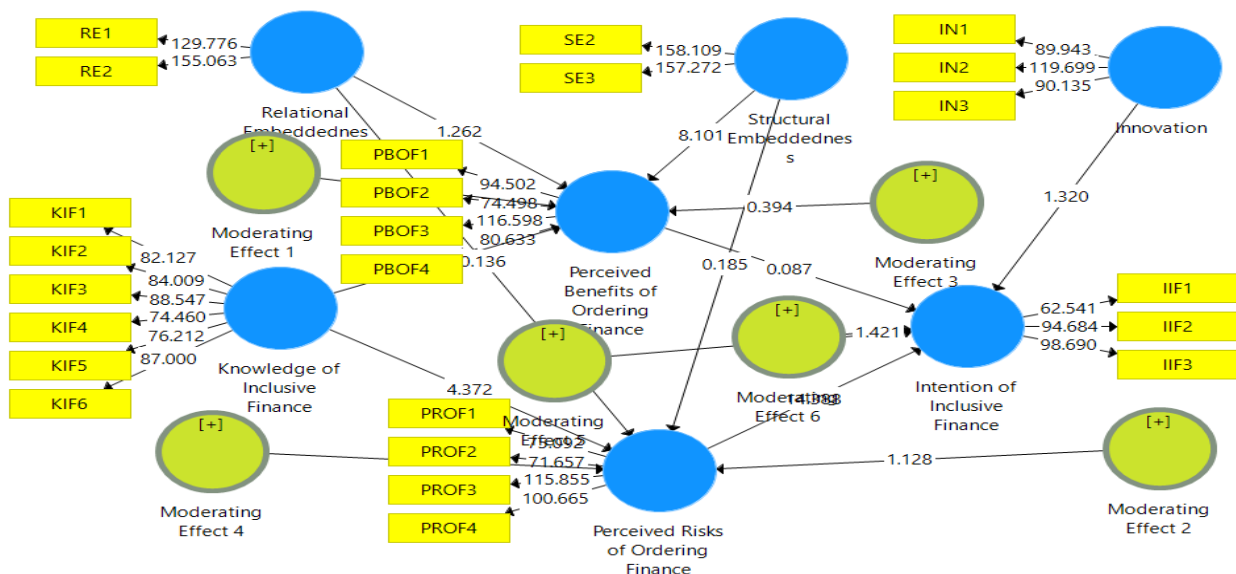


Figure 5.
Moderation effect

This study examined the quality of the model with the help of predictive relevance. According to previous studies predictive relevance must be higher than zero. It is shown in Figure 6 and Table 15 that predictive relevance of intention of inclusive finance is 0.677 which is above zero. Therefore, the model of current study achieved the minimum criteria of quality.

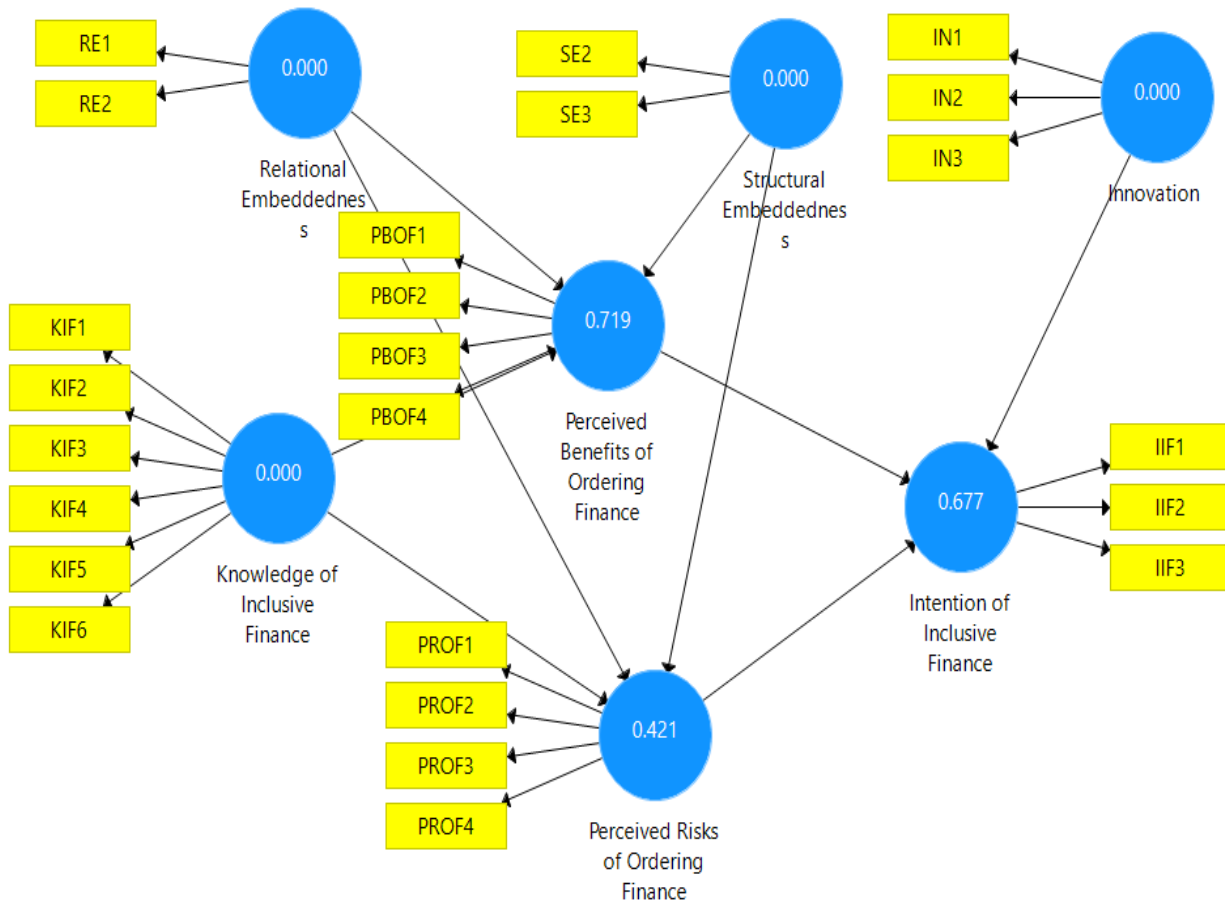


Figure 6.
Predictive Relevance (Q²)

Table 9.
Predictive Relevance (Q²)

	SSO	SSE	Q ² (=1-SSE/SSO)
In	681	681	
IIF	681	219.892	0.677
KIF	1362	1362	
PBOF	908	254.841	0.719
PROF	908	525.355	0.421
RE	454	454	
SE	454	454	

DISCUSSIONS

The primary aim of this study was to examine the impact of KIF on IIF, considering the moderating effects of relational embeddedness, structural embeddedness, and innovation. In pursuit of this objective, 10 hypotheses were put forward, as detailed in previous chapters. Among the proposed hypotheses, six (H1, H2, H3, H4, H5, and H9) received support, while four (H6, H7, H8, and H10) did not garner support. Based on the data analysis, it is evident that:

Hypothesis 1 is supported. KIF has significant positive effect on owners' PBOF and this result is consistent with the result of previous studies (ESCAP, 2022)

Hypothesis 2 is supported. KIF has significant positive effect on owners' PROF and this result is consistent with the result of previous studies (Sajid, 2022).

Hypothesis 3 is supported. PBOF has positive effect on IIF and this result is consistent with the result of previous studies (Noreen; Rasheed, 2022).

Hypothesis 4 is supported. PROF have positive effect on owners' IIF and this result is consistent with the result of previous studies (Rasheed, 2019).

Hypothesis 5 is supported. Relational embeddedness strengthens the relationship between KIF and PBOF and this result is consistent with the result of previous studies (Rasheed, 2019).

Hypothesis 6 is not supported. Relational embeddedness weakens the relationship between KIF and PROF. This result is consistent with the result of previous studies (Fontana; Ullah, 2022).

Hypothesis 7 is not supported. Structural Embeddedness weakens the relationship between KIF and PBOF. This result is consistent with the result of previous studies (Islam, 2021).

Hypothesis 8 is not supported. Structural Embeddedness weakens the relationship between KIF and PROF. This result is inconsistent with the result of previous studies (Noreen; Maria, 2022).

Hypothesis 9 is supported. Innovation strengthens the relationship between PBOF and owners' IIF. This result is consistent with the result of previous studies (Iftikhar, 2022).

Hypothesis 10 is not supported. Innovation weakens the relationship between PROF and owners' IIF. This result is not consistent with the result of previous studies (Iftikhar, et al. 2022).

THEORETICAL IMPLICATIONS

According to research results it is critical to uphold across the board Relational embeddedness to promote inclusive financing the target market as Relational embeddedness service qualities can close the provision claim distance and improve service convenience, value, as well as competence. Moreover, PBOF can build up owners' investment IIF and PROF can bring down the owners' financing IIF. Furthermore, Innovation strengthens the relationship among PBOF and PROF and IIF. Innovation can

reduce transaction cost, accessible payment methods and innovative techniques can greatly attract owners' intention towards inclusive finance. Whereas, waiting for extended time period for getting loan, threat of disrespect and family disrespect due to late loan repayment can decrease owners' financing intention towards inclusive finance. So a systematic inclusive finance educational project is required to improve small enterprises owners' perception regarding inclusive finance and to enhance their inclusive financing intention in Pakistan.

PRACTICAL IMPLICATIONS

As the results of this research shows that, it is critical for relational enterprises, authorities, institutions of higher learning, and research centers to increase their collaboration in order to maintain owners' faith and recognize the importance of relational companies. This study filled the gap identified in the previous studies and worked on recommendations of previous studies (Akhtar, 2003; Gulizhaer Aisaiti, 2019; Islam, 2022) such as recommended moderating variables, increased sample size, empirical research and use of PLS and improved scale to examine the relationship among variables. Furthermore, using innovation in finance to improve service quality while lowering total costs for owners' is critical. Owners' low educational levels push inclusive financial companies to constantly modernize their innovative finance services in order to best suit the needs of BOP market consumers. As a result, in today's world, it's critical to incorporate the layout of inclusive investment instruments and innovation in finance to fulfill the financial needs of owners'. So this study can be implicative for the practitioners while making strategies for inclusive finance development across the country.

CONCLUSION

The findings indicate that owners and investors of small enterprises encounter both financial and non-financial challenges stemming from a lack of understanding of inclusive finance and innovation. Sustainability problems arise from incorrect assumptions, relational embeddedness, and structural embeddedness. Inclusive finance emerges as a solution to address these issues. Objective 1 is achieved. Knowledge of inclusive finance has significant positive effect on owners' intention of inclusive finance through perceived benefits and risks of ordering finance. Objective 2 is not achieved. Perceived benefits of ordering finance does not moderate the relationship between Knowledge of inclusive finance and intention of inclusive finance. Objective 3 is not achieved. Perceived Risk of ordering finance does not moderate the relationship between Knowledge of inclusive finance and intention of inclusive finance.

Objective 4 is achieved. Embeddedness plays moderating role. Relational embeddedness strengthens the relationship between KIF and PBOF, it weakens the relationship between KIF and PROF. Structural Embeddedness weakens the relationship between KIF and PBIF, it Structural Embeddedness weakens the relationship between KIF and PROF. Objective 5 is achieved; innovation plays moderating role. Innovation strengthens the relationship between PBOF and owners' IIF, it weakens the relationship between PROF and owners' IIF. So, the main objective is achieved. The more knowledge owners have of inclusive finance, the more they have strong positive intention of inclusive finance.

LIMITATIONS AND FUTURE DIRECTIONS

1. This research examined the owners' financing attributes and intention at single point in time, so for examining conceptual framework research with extensive information is recommended in future researches.
2. Secondly impact of innovation on owners' financing intention regarding inclusive finance can further investigated by more improved means.
3. The data analysis of this study is done by collecting data from some cities of Punjab, the further studies can be carried out by collecting data from other province of Pakistan.
4. The model can further investigate with changed demographic profiles.

DECLARATIONS

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Consent to Participate: Yes

Consent for publication and Ethical approval: Because this study does not include human or animal data, ethical approval is not required for publication. All authors have given their Consent.

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APPENDIX-I

Questionnaire

Note: It is promise to you that the information is only used for academic purpose and it will be kept confidential.

Section 1: Demographics:

Please tick ☐ appropriate response or fill the gap.

1.What is your gender?

☐ Male ☐ Female

2.What is your Age?

☐ 18-30years ☐ 31-40 years ☐ 41-50 years ☐ 51-60 years ☐ Above 60

3. What is the estimated monthly income of your family?

☐ Rs.20,000 to Rs.40,000 ☐ Rs.41,000 to Rs.60,000 ☐ Rs.61,000 to Rs.80,000 ☐ Rs.81,000 to Rs.90,000

☐ More than Rs.90,000

4.What is your educational level?

☐ Matric or below ☐ Intermediate Level ☐ Bachelor degree

☐ Master degree or above

Section 2: Please indicate your response to the following statements by ticking the appropriate corresponding choice.

Statements	Strongly Disagree	Disagree	Somewhat Agree	Agree	Strongly Agree
I cannot afford the interest of inclusive financial loan.					
I need to pay the service fee to apply for inclusive financial loan.					
I need to wait for a long time to get inclusive financial loan.					
I know the concept of inclusive finance.					
I know where to apply for inclusive financial loans.					
I know the application terms of inclusive financial loan.					
I think there is a high level of engagement and frequent communication between small enterprises owners' and relational enterprises.					
I think small enterprises owners can get inclusive financial loan through relational enterprises.					
I think there is a high level of mutual trust between small enterprises owners' and structural enterprises.					
I think small enterprises owners can get networking techniques and market-related information from structural enterprises.					
I think ordering finance can help me to expand my production scale.					

I think ordering finance can help me to expand the potential market .					
I can develop the industry by applying inclusive financial loan and enhance my family income by extension.					
I can develop the industry by applying inclusive financial loan, and I can improve my standard of living by extension.					
I think inclusive finance service quality has a positive impact on my allocation of loan to increase revenue.					
If I fail to repay the loan on time, my credit will be affected.					
If I fail to repay the loan on time, I will experience shame and embarrassment.					
If others know about my inclusive finance application, they will think I am poor.					
If I fail to repay the loan on time, me and my family members will be consistently bothered by loan officer.					
I know the innovative payment methods like easy paisa/Jazz cash payment/online banking/credit card.					
I have experience of using easy paisa/Jazz cash payment/online banking/ credit card and other innovative financial tools.					
I know the application terms of innovative finance like financing tools/ investment/money transfer/settlement of transaction.					
I have intention to apply for inclusive financial loan within the next 12 months.					
I would recommend my relatives, friends to obtain inclusive financial loan.					
I have intention to expand my application of inclusive financial loan.					



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