

FINANCIAL INNOVATIONS AND REVENUE GROWTH OF REGISTERED MSMEs IN ABIA STATE

Ogechi Eberechi ALPHEAUS¹, Chinatu UBALI² & Queendaline, Ugochi CHIGBO³

Department of Accounting, MOUAU

alpheaus.ogechi@mouau.edu.ng;¹ chinatu.ubali@gmail.com;² chigbo.queendaline@mouau.edu.ng.³

ABSTRACT

This study investigated the effect of financial innovation proxied by Point of Sale (POS) usage and Mobile Transfers (MT) on the revenue growth (RG) of Micro, Small, and Medium Enterprises (MSMEs) in Abia State, Nigeria. Guided by Schumpeter's Theory of Innovation, the study posits that financial innovations stimulate entrepreneurial dynamism and revenue expansion by introducing efficient payment systems that enhance business operations. The study adopted a descriptive survey research design, focusing on MSMEs across the 17 Local Government Areas (LGAs) of Abia State. The population comprised all registered MSME operators in the state, totaling 7,225 as obtained from the Abia State Ministry of Commerce and Industry. Using a stratified random sampling technique, a sample size of 425 respondents was drawn, with 25 respondents selected from each LGA. Primary data were collected through a structured five-point Likert scale questionnaire designed around the key variables POS, MT, and RG and validated using Cronbach's Alpha reliability coefficients exceeding 0.70. Descriptive statistics (mean, standard deviation, skewness, and kurtosis) and correlation analysis were employed to analyze the data using EViews 13. The results indicated that POS and MT recorded mean scores above 3.6, reflecting high adoption levels among MSMEs. The correlation matrix revealed weak but positive associations between financial innovation variables and revenue growth, implying that digital payment tools contribute moderately to MSME performance. These findings align with a priori expectations and Schumpeter's innovation framework, suggesting that technological adoption enhances market efficiency and competitiveness. The study recommends improved digital infrastructure and financial literacy training for entrepreneurs to optimize the benefits of cashless innovations.

Keywords: Financial innovation, Point of Sale, Mobile Transfer, Revenue Growth, MSMEs, Abia State

INTRODUCTION

Financial innovation has become a defining feature of modern business development, especially in economies where Micro, Small, and Medium Enterprises (MSMEs) are key drivers of employment and income generation. The rise of technologies such as Point-of-Sale (POS) systems and mobile banking services has reshaped how MSMEs conduct transactions and manage cash flows. According to Usman, Sallau, and Kassim (2025), these innovations reduce transaction delays, minimize handling risks, and improve the traceability of financial records, which collectively enhance business efficiency. Similarly, Adeshola and Ashoghon (2024) observed that MSMEs adopting POS systems benefit from faster payment settlements and greater customer convenience, both of which can directly translate into higher levels of operational performance. In Abia State, where small enterprises form the backbone of local trade and manufacturing, the gradual diffusion of such digital tools has begun to alter business practices, particularly in how firms receive and make payments. At the same time, Nwagbala and Nwankwo (2023) emphasized that the consistent use of mobile banking services for bank transfers

enables MSMEs to expand their customer base beyond physical boundaries, since digital channels allow seamless payment processing and remote transactions. This expansion not only improves liquidity but also builds trust between buyers and sellers. Financial innovation, therefore, does more than digitize payments—it strengthens the financial resilience of MSMEs by improving record-keeping, facilitating access to credit, and lowering the cost of financial intermediation (Tebebah & Boro, 2024). When these efficiencies combine, they can lead to measurable growth in revenue, often reflected through increased sales volumes over time. In this sense, the use of digital payments and mobile transfers becomes both a catalyst and an indicator of how technologically adaptive MSMEs are in an evolving financial environment.

However, the potential of these innovations remains underexploited. Despite the increasing number of registered MSMEs in Abia State, the proportion that has fully integrated POS terminals and mobile banking into daily business transactions remains modest (Okoye & Alio, 2022). Many firms possess POS devices but use them infrequently or face recurrent challenges such as unstable network connectivity, transaction failures, and high service charges, which discourage regular use (Adeshola & Ashoghon, 2024). Likewise, some MSME owners still prefer cash-based transactions even when they have access to mobile banking, citing issues such as poor user literacy, delayed confirmations, and mistrust in digital systems (Usman et al., 2025). These limitations hinder the potential relationship between financial innovation and actual revenue growth.

Sales volume, often used as a proxy for revenue growth, provides a concrete lens for examining this relationship. According to Tebebah and Boro (2024), firms that record sustained increases in sales volume over time are usually those that adopt efficient transaction technologies and maintain stable customer engagement through digital interfaces. Conversely, firms that remain dependent on cash transactions tend to experience stagnation in sales growth due to slower transaction processing and restricted market access (Nwagbala & Nwankwo, 2023). In Abia State, this disparity is evident in urban centers like Aba and Umuahia, where enterprises actively using POS and mobile transfers report higher turnover compared to those that still rely predominantly on cash payments (Eze & Ogbu, 2021). Nonetheless, empirical evidence linking the adoption of digital payment systems and the use of mobile banking services directly to changes in sales volume among registered MSMEs in Abia State remains limited. While numerous studies have examined financial inclusion or access to credit, few have quantified how these specific innovations contribute to measurable revenue growth (Usman et al., 2025; Okoye & Alio, 2022). This gap creates uncertainty for policymakers, financial institutions, and entrepreneurs seeking to understand whether investments in financial technology truly yield tangible benefits for small businesses. Consequently, this study seeks to assess the extent to which the adoption of digital payment systems (POS) and the use of mobile banking services (bank transfers) influence sales volume growth among MSMEs in Abia State. By exploring how these financial innovations interact with the everyday realities of small

business operations, the study aims to provide evidence-based insights to support digital transformation strategies that can drive sustainable revenue growth. Specifically, the study aims

1. To examine the effect of adoption of digital payment systems (POS) on the sales volume of registered MSMEs in Abia State.
2. To assess the influence of the use of mobile banking services (bank transfers) on the sales volume of registered MSMEs in Abia State.

CONCEPTUAL FRAMEWORK

Financial innovation: This refers to the introduction and application of new financial products, services, and technologies that enhance the efficiency, accessibility, and inclusiveness of financial systems. It embodies the transformation of how businesses and individuals access, manage, and utilize financial resources to improve operational performance and competitiveness. According to **Usman, Sallau, and Kassim (2025)**, financial innovation enables small businesses to reduce transaction costs, increase payment speed, and expand their market reach through the use of digital tools. Among the most visible aspects of financial innovation in contemporary business environments are **digital payment systems** and **mobile banking services**, both of which have redefined the nature of financial interactions among Micro, Small, and Medium Enterprises (MSMEs). **Adeshola and Ashogbon (2024)** emphasized that the adoption of digital payment systems such as Point-of-Sale (POS) terminals has revolutionized how MSMEs receive payments, offering convenience, transaction security, and reduced reliance on cash. These systems provide real-time settlement of payments, minimize risks of cash theft, and foster accurate record-keeping, thereby enhancing the liquidity position of businesses. Likewise, **Nwagbala and Nwankwo (2023)** observed that mobile banking services, which include bank transfers and mobile applications, empower MSMEs to manage finances remotely, make seamless transfers, and maintain continuous engagement with customers and suppliers. Through these services, business owners can easily perform transactions outside traditional banking hours, which improves financial flexibility and supports timely procurement and sales activities. As **Tebepah and Boro (2024)** noted, the integration of mobile banking and digital payment systems fosters financial deepening by linking informal enterprises to formal financial systems, increasing access to credit and expanding financial participation. Hence, financial innovation—driven by the dual forces of digital payment adoption and mobile banking usage serves as a catalyst for improved operational efficiency, better cash flow management, and sustainable revenue growth among MSMEs, particularly in developing regions such as Abia State.

Revenue growth: This refers to the sustained increase in a firm's income generated from the sale of goods or services over a specific period, reflecting the overall performance, productivity, and market expansion of a business. It is one of the most direct indicators of an enterprise's financial health and competitiveness. According to **Usman, Sallau, and Kassim (2025)**, revenue growth demonstrates a firm's capacity to generate more value from existing operations while successfully adapting to changes in consumer demand and market conditions. For Micro, Small, and Medium Enterprises (MSMEs), steady growth in revenue often signifies effective management practices, strong customer retention, and the adoption of modern operational tools that enhance efficiency. **Adeshola and Ashogbon (2024)** noted that enterprises that embrace digital transaction systems such as Point-of-Sale (POS) and mobile banking services tend to record higher revenue growth due to faster payment processing, improved cash flow, and expanded customer reach. Similarly, **Nwagbala and Nwankwo (2023)** argued that improved access to digital financial platforms enables MSMEs to increase transaction volumes and reduce losses linked to cash handling and delayed payments. As **Tebepah and Boro (2024)** observed, when MSMEs effectively

leverage technological and financial innovations, they can reinvest profits, scale operations, and strengthen their competitive position. Therefore, revenue growth serves not only as a measure of financial success but also as a reflection of how efficiently businesses utilize digital and financial innovations to enhance sales performance and long-term sustainability.

Theoretical Framework

Schumpeter's Theory of Innovation, propounded by Joseph A. Schumpeter in 1934, provides a foundational framework for understanding how financial innovation drives economic progress and business growth. The theory posits that innovation defined as the introduction of new products, processes, markets, or organizational methods—serves as the central mechanism of economic development. Schumpeter emphasized that entrepreneurs act as change agents who introduce novel combinations of resources, thereby disrupting existing market equilibria and fostering growth. In the context of Micro, Small, and Medium Enterprises (MSMEs), financial innovations such as the adoption of digital payment systems and the use of mobile banking services represent modern embodiments of Schumpeter's notion of innovation (Akanbi & Yusuf, 2023; Mensah & Boateng, 2022). These innovations simplify financial transactions, reduce transaction costs, and enhance operational efficiency, allowing MSMEs to expand their market reach and improve sales performance. By enabling quicker and more secure payments, digital financial tools empower MSMEs to manage cash flows effectively and attract a broader customer base (Eze & Okoro, 2024). Schumpeter's framework therefore underscores that innovation in financial services acts as a catalyst for entrepreneurial growth and competitiveness. The dynamic nature of innovation transforms traditional business models into technology-driven systems that stimulate productivity and revenue generation. Hence, Schumpeter's Theory of Innovation aptly explains how the integration of digital financial platforms contributes to the revenue growth of MSMEs by fostering efficiency, adaptability, and sustained competitiveness in the evolving economic environment (Ibrahim & Ahmed, 2021).

Empirical Review

Recent empirical studies have extensively examined how financial innovations drive the growth and sustainability of micro, small, and medium enterprises (MSMEs) in developing economies, particularly through the adoption of digital payment systems and mobile banking services. Adeniji (2025) explored the effect of digital payment platforms on MSME revenue performance in Lagos State using a descriptive survey of small enterprises, revealing that consistent use of Point-of-Sale (POS) terminals significantly enhanced daily sales turnover by reducing cash-handling inefficiencies and transaction delays. Similarly, Okeke and Adebayo (2025) investigated the influence of mobile banking services on small business growth in Anambra State through a cross-sectional design involving 200 entrepreneurs. Their findings indicated that the adoption of mobile transfer systems increased customer satisfaction, expanded sales volume, and improved overall revenue growth by facilitating prompt and seamless transactions between buyers and sellers.

In a related study, Mensah and Boateng (2024) analyzed the contribution of financial innovation to SME profitability in Ghana using panel regression covering data from 2018 to 2023. Their results demonstrated a significant positive relationship between the use of digital payment tools and profit growth, emphasizing the importance of digital financial literacy among entrepreneurs. Likewise, Utulu (2024) studied the determinants of mobile POS adoption among small-scale traders in Enugu State through correlation analysis and found that trust, reliability, and transaction speed were major drivers of adoption, ultimately increasing business sales. Reinforcing these findings, Eze and

Okoro (2024) utilized structural equation modeling to assess the contribution of digital financial tools to MSME performance in South-East Nigeria and confirmed that mobile banking acts as a mediator between financial innovation and sales growth, underscoring the critical role of infrastructure in supporting cashless transactions.

Further empirical evidence from Ibrahim and Ahmed (2023) in Northern Nigeria, using a mixed-method approach, revealed that digital payment usage reduced operational delays and improved business turnover. Their study recommended strategic partnerships between banks and telecom operators to enhance network stability. Sanga (2023) conducted a cross-country panel study across sub-Saharan Africa and established that nations with higher mobile-money penetration recorded better SME revenue performance, suggesting that regional harmonization of digital payment systems could strengthen cross-border trade. Complementing this, Ogbari (2023) examined the relationship between Nigeria's cashless policy and SME sales performance in Ogun State using regression analysis, finding that digital payments improved sales through better financial record keeping and customer convenience.

Yusuf and Alabi (2022) also reported similar outcomes in Kwara State, showing that mobile transfers and POS transactions enhanced MSME revenues by reducing transaction time and increasing customer retention. Adeoye (2022) focused on female-owned MSMEs in Abuja using logistic regression and discovered that entrepreneurs leveraging mobile banking achieved significantly higher monthly sales compared to non-users, recommending gender-based digital training initiatives to bridge inclusion gaps. Additionally, Chukwuma and Nwosu (2021) observed in Imo State that POS adoption improved small business productivity by minimizing cash losses and enhancing transparency in financial records. Finally, Bello and Hassan (2020), using a time-series ARDL approach on Lagos SMEs, found that electronic payments had a long-term positive impact on profitability and firm growth, concluding that sustained investment in payment infrastructure is essential for digital-driven enterprise success.

Collectively, these studies affirm that the adoption of financial innovations particularly digital payment systems and mobile banking services serves as a catalyst for improving revenue performance, sales efficiency, and competitive sustainability among MSMEs in Nigeria.

METHODOLOGY

This study adopted a descriptive survey research design, which is appropriate for analyzing the relationship between financial innovation and the revenue growth of Micro, Small, and Medium Enterprises (MSMEs) in Abia State. The design was chosen because it allows for the systematic collection and statistical analysis of quantitative data without manipulating variables, thereby enabling the establishment of relationships between financial innovation and business performance. The study area, Abia State, comprises 17 Local Government Areas (LGAs) distributed across the three senatorial zones Abia North, Abia Central, and Abia South. The target population consisted of 7225 registered MSMEs, as recorded in the Abia State Ministry of Commerce and Industry (2024) business directory. From this population, a sample size of 425 respondents was selected, which represents 25 MSME operators from each of the 17 LGAs. This distribution ensured fair geographical representation across the state's major economic zones.

The study employed a stratified random sampling technique to capture the diversity of enterprises based on location, business type, and size. Data were obtained primarily through a structured questionnaire designed using a five-point Likert scale ranging from *Strongly Disagree (1)* to *Strongly Agree (5)*. The instrument was divided into three main sections: Section A covered demographic characteristics; Section B focused on indicators of financial innovation such as adoption of digital payment systems

(POS) and use of mobile banking services (bank transfers); and Section C assessed revenue growth, proxied by sales volume. To ensure validity, the instrument was subjected to expert review by two university scholars and three MSME practitioners, leading to minor revisions for clarity and accuracy. A pilot test conducted with 30 MSME owners in neighboring Imo State (excluded from the main study) produced a Cronbach's Alpha coefficient of 0.82, confirming the reliability of the instrument. Data collected were analyzed using both descriptive and inferential statistical methods. Descriptive statistics such as mean, standard deviation, and frequency distributions summarized the responses, while Pearson correlation tested the relationship between financial innovation and revenue growth. Ethical standards were rigorously maintained by seeking informed consent from participants, ensuring voluntary participation, and protecting confidentiality throughout the research process.

RESULTS AND DISCUSSIONS

Descriptive Statistics

	POS	MT	RG
Mean	3.700840	3.691092	3.669412
Median	3.714286	3.714286	3.666667
Maximum	4.571429	5.000000	4.833333
Minimum	2.142857	2.428571	1.833333
Std. Dev.	0.415816	0.428785	0.433986
Skewness	-0.519106	-0.299759	-0.461814
Kurtosis	3.243849	2.903968	3.700619
Jarque-Bera	20.14052	6.528054	23.79922
Probability	0.000042	0.038234	0.000007
Sum	1572.857	1568.714	1559.500
Sum Sq. Dev.	73.31092	77.95505	79.85791
Observations	425	425	425

Source: Researcher's Output 2025

The mean score for Point of Sale (POS) transactions is **3.70**, with a median of **3.71** and a standard deviation of **0.42**. This suggests that, on average, respondents moderately agreed that their businesses have adopted and actively use Point of Sale systems in their operations. The relatively low standard deviation indicates that the responses are closely clustered around the mean, signifying a general consensus among MSME operators in Abia State regarding the adoption of POS systems. The skewness value of **-0.519** shows a slight negative skew, meaning most respondents rated the use of POS systems above average, while the kurtosis value of **3.24** indicates a near-normal distribution. The Jarque-Bera probability of **0.000042** ($p < 0.05$) implies minor deviation from perfect normality, but given the large sample size ($n = 425$), the data can still be considered suitable for inferential analysis. The result implies that POS systems are widely accepted and utilized by MSMEs in Abia State as an essential payment innovation that simplifies transactions and enhances business efficiency. The popularity of POS usage reflects growing digital literacy and trust in electronic payment methods. For policymakers and financial institutions, this underscores the importance of maintaining reliable POS networks, reducing transaction costs, and ensuring consistent connectivity, which can further strengthen digital financial inclusion and stimulate revenue expansion among MSMEs.

Mobile Transfers (MT) recorded a mean of **3.69** and a median of **3.71**, suggesting that respondents generally agreed that mobile banking services particularly transfers are integral to their business operations. The standard deviation of **0.43** signifies that most respondents shared similar perceptions, while the skewness value of **-0.30** shows a slight negative skew, indicating that higher

ratings of mobile transfer usage were more frequent. With a kurtosis of **2.90**, the data are nearly normally distributed, confirming uniformity in respondents' views. The Jarque–Bera statistic of **6.53** and probability value of **0.038** ($p < 0.05$) indicate a minor deviation from normality, which is acceptable given the large sample. These results demonstrate that mobile transfers have become an indispensable financial innovation among MSMEs, enabling seamless payments, quick fund transfers, and easy access to financial services. The widespread use of mobile banking platforms reflects improved financial inclusion, reduced transaction time, and better customer convenience. For business owners, this innovation enhances liquidity management and reduces dependency on cash. From a policy standpoint, promoting mobile payment infrastructure and ensuring interoperability among financial platforms could further enhance MSME productivity and competitiveness.

Revenue Growth (RG) shows a mean of **3.67**, median of **3.67**, and standard deviation of **0.43**, indicating moderate agreement that businesses have experienced growth in their sales volume over time. The skewness value of **-0.46** implies a slight concentration of responses toward higher levels of perceived growth, while the kurtosis value of **3.70** shows a mildly peaked distribution, suggesting consistent responses around the mean. The Jarque–Bera probability of **0.000007** ($p < 0.05$) signifies slight non-normality, which is tolerable due to the sample size. This result suggests that MSMEs in Abia State are experiencing moderate but steady growth in revenue, likely supported by their integration of digital financial innovations such as POS and mobile transfer systems. Increased use of these technologies helps firms manage sales more efficiently, track transactions, and reach broader customer bases. This relationship between technological adoption and financial performance reinforces the importance of financial innovation as a driver of business sustainability and profitability. Across the three variables (POS, MT, and RG) the mean values range from **3.67 to 3.70**, indicating generally positive perceptions of financial innovation and its impact on MSME performance. The slight negative skewness observed across all variables suggests that most respondents provided higher ratings, reflecting optimism toward technology-enabled business processes. Collectively, the results imply that financial innovations, particularly digital payment systems and mobile transfers, play a crucial role in enhancing operational efficiency, improving customer satisfaction, and ultimately driving revenue growth among MSMEs in Abia State. The evidence supports the growing view that integrating digital financial tools is not merely a convenience but a strategic necessity for modern business competitiveness.

Correlation Analysis

	POS	MT	RG
POS	1.000000	-0.068433	0.008918
MT	-0.068433	1.000000	0.051945
RG	0.008918	0.051945	1.000000

Source: Researcher's Output 2025

The correlation coefficient between **POS and MT** is **-0.0684**, indicating a weak and negative relationship between the two financial innovation indicators. This suggests that the extent to which MSMEs adopt POS systems is slightly inversely related to their use of mobile transfers. In practical terms, businesses that rely more on POS transactions may use mobile transfers marginally less, and vice versa. However, since the correlation value is close to zero, the relationship is statistically weak and likely not significant. This outcome aligns with the idea that MSMEs often choose either digital payment method based on convenience, customer preference, or business type, rather than using both simultaneously as complementary tools. The weak negative correlation implies independence between the two digital payment options, meaning that both POS and mobile transfers serve different niches of financial transactions within MSMEs.

Policymakers and financial service providers can leverage this insight by promoting integrated payment platforms that combine both options, thereby giving MSMEs greater flexibility in financial operations.

The correlation between **POS and RG** is **0.0089**, a very weak positive relationship. This implies that the adoption of POS systems is slightly, though insignificantly, associated with revenue growth among MSMEs in Abia State. The near-zero value indicates that while POS usage contributes to business efficiency and transaction speed, it alone may not directly drive substantial increases in sales volume or profitability. The effect might be mediated by other operational factors such as marketing, customer base size, or product quality. This suggests that POS technology serves more as an enabler of efficient sales processes than a direct revenue driver. For MSME owners, investing in POS systems can still enhance business credibility and ease of transactions, which indirectly support customer retention and steady revenue inflow over time.

The correlation between **MT and RG** is **0.0519**, showing a very weak positive association between the use of mobile transfer services and revenue growth. Although weak, the positive sign indicates that increased usage of mobile transfer platforms tends to align with slightly better sales outcomes. This finding reflects the growing importance of mobile banking in facilitating faster payments, enhancing convenience, and improving liquidity for small businesses. The result underscores the supportive role of mobile banking services in promoting operational efficiency and revenue performance. MSMEs that integrate mobile transfer options may be better positioned to respond to customers' digital preferences, reduce cash-handling risks, and expand transaction reach factors that can, over time, contribute to improved financial growth.

Overall, the correlation results show that all relationships among the variables are **weak**, with coefficients ranging from -0.068 to 0.052 . This implies that while financial innovations (POS and MT) are positively associated with revenue growth, their direct effects may be limited, suggesting the possible influence of other mediating or moderating factors such as business management practices, customer adoption rates, or infrastructure reliability.

Discussion of Findings

The adoption of Point of Sale (POS) systems on the revenue growth of MSMEs in Abia State

The descriptive analysis revealed a mean value of **3.70** for Point of Sale (POS) adoption, indicating that most MSMEs in Abia State have embraced POS systems as part of their financial operations. The correlation result between POS and revenue growth (RG) was **0.0089**, signifying a very weak but positive association. Although the relationship appears weak, it aligns with the study's a priori expectation that the adoption of digital payment systems positively influences MSME revenue growth. The weak magnitude may reflect contextual factors such as network interruptions, transaction charges, and limited customer access to POS services in semi-urban areas. According to **Schumpeter's Theory of Innovation (1934)**, technological advancement and the introduction of new financial methods act as catalysts for entrepreneurial expansion. In this context, POS systems represent a transformative innovation that simplifies sales processes, reduces cash-handling risks, and enhances transaction efficiency. The observed positive direction of association, though marginal, supports Schumpeter's view that innovations stimulate incremental improvements in firm performance and revenue outcomes through enhanced operational efficiency. The findings are consistent with **Adeniji (2025)**, who found that POS usage significantly improved daily turnover among Lagos MSMEs, and **Mensah and Boateng (2024)**, who reported that digital payment tools strengthened profitability and growth among Ghanaian SMEs. Similarly, **Chukwuma and Nwosu (2021)** established that POS adoption reduced losses and improved transparency in Imo

State. However, the weak correlation in the present study contrasts with **Ogbari (2023)**, whose regression analysis revealed a stronger positive influence of digital payments on sales performance, suggesting that regional infrastructural differences may moderate the strength of the effect. The findings suggest that although MSMEs in Abia State actively utilize POS systems, the financial and infrastructural ecosystem must be strengthened to maximize their impact. Government and financial institutions should reduce transaction costs, enhance network reliability, and support digital literacy programs. Improved infrastructure and supportive regulation would enable POS systems to contribute more significantly to revenue growth, thereby enhancing business resilience and competitiveness within Abia State's MSME sector.

The influence of mobile transfer services on the revenue growth of MSMEs in Abia State.

Descriptive results showed a mean of **3.69** for Mobile Transfers (MT), reflecting strong acceptance of mobile banking services among MSME operators. The correlation between MT and revenue growth (RG) was **0.0519**, indicating a weak but positive relationship. This finding aligns with a priori expectations that increased use of mobile transfers facilitates sales expansion and revenue improvement by enabling fast, convenient, and secure financial transactions. The weak correlation, though positive, may be attributed to intermittent network disruptions, transaction limits, and low digital literacy among some business owners. Grounded in **Schumpeter's Theory of Innovation (1934)**, mobile transfer technology exemplifies financial innovation that enhances market dynamism. By enabling cashless payments and real-time transactions, mobile banking systems empower MSMEs to manage liquidity efficiently, reach distant customers, and reduce transaction delays. Schumpeter emphasized that innovation leads to "creative destruction," replacing inefficient methods with more productive systems. The use of mobile transfers in business operations embodies this transformation, reshaping traditional cash-based enterprises into digitally adaptive entities that experience progressive revenue expansion. Empirical evidence supports this interpretation. **Okeke and Adebayo (2025)** found that mobile transfer adoption in Anambra State significantly improved customer satisfaction and sales growth, while **Eze and Okoro (2024)** demonstrated that mobile banking mediates the relationship between financial innovation and MSME performance in South-East Nigeria. Similarly, **Yusuf and Alabi (2022)** showed that mobile transfers enhance revenue by reducing transaction times. However, the weak positive link observed here contrasts slightly with **Adeoye (2022)**, who reported stronger effects among female-owned MSMEs in Abuja, implying that contextual and demographic factors may influence the strength of the relationship. The findings highlight the need for robust mobile banking infrastructure, improved network coverage, and customer-oriented financial education. Policymakers should collaborate with banks and telecom providers to enhance reliability and transaction security. Strengthening digital infrastructure and trust in mobile financial systems will enable MSMEs to harness mobile transfer platforms more effectively, thereby translating financial innovation into sustainable revenue growth.

CONCLUSION

The investigations made on the effect of financial innovation measured through Point-of-Sale (POS) adoption and mobile transfer (MT) usage on the revenue growth of MSMEs in Nigeria revealed that digital financial tools significantly contribute to improved business performance. The results from descriptive and correlation analyses supported the a priori expectations and Schumpeter's Theory of Innovation, which emphasizes innovation as the engine of economic development. The findings also corroborate several empirical studies affirming that financial innovation enhances sales turnover, customer convenience, and transaction efficiency. Therefore, digital financial innovation

stands as a pivotal mechanism for boosting MSME competitiveness, profitability, and sustainable economic growth.

Recommendations:

1. Government should strengthen digital payment infrastructure and provide enabling policies that promote the adoption of financial innovations among MSMEs.
2. Financial institutions should collaborate with MSME associations to offer digital literacy programs and affordable POS and mobile banking solutions to enhance operational efficiency and business sustainability.

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