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Understanding Financial Behavior in MSME Business Financial Management: A Systematic Literature Review

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ABSTRACT: *Micro, Small, and Medium Enterprises (MSMEs) play a significant role in economic development; however, their sustainability is often challenged by limitations in financial management practices and decision-making capabilities. Financial behavior has emerged as an important concept for understanding how MSME owners manage financial resources, make decisions, and respond to business uncertainties. This study aims to systematically review the existing literature on financial behavior in MSME business financial management by identifying major research themes, theoretical foundations, methodological trends, determinants, and future research directions. A Systematic Literature Review (SLR) approach was employed following the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020) guidelines. Relevant articles published between 2020 and 2026 were identified and analyzed from reputable academic databases. The findings reveal that financial literacy, financial attitude, financial capability, financial inclusion, and digital financial technology adoption represent the dominant factors influencing MSME financial behavior. Behavioral Finance Theory, Theory of Planned Behavior, Financial Capability Theory, and Resource-Based View are among the most frequently applied theoretical perspectives. The review also identifies that existing studies are predominantly quantitative, while qualitative and longitudinal approaches remain limited. This study contributes by synthesizing fragmented knowledge and proposing future research directions emphasizing integrated theoretical models, digital financial transformation, contextual factors, and sustainable financial management practices. The findings provide valuable implications for researchers, policymakers, financial institutions, and MSME development organizations in strengthening entrepreneurial financial capability and business sustainability.*

KEYWORDS: *Financial Behavior; MSMEs; Business Financial Management; Behavioral Finance; Entrepreneurial Finance; Systematic Literature Review; PRISMA.*

I. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are widely recognized as one of the primary drivers of economic development, employment generation, poverty reduction, and innovation across both developed and developing economies [1]–[3]. Their significant contribution to national economic growth has encouraged governments and policymakers to strengthen MSME competitiveness through improved financial capability and sustainable business practices [2], [4]. Despite their strategic role, many MSMEs continue to experience difficulties in managing business finances, including weak financial planning, inadequate cash flow management, poor bookkeeping practices, inefficient capital allocation, and limited access to formal financial services [5], [6]. These financial management challenges reduce business resilience, constrain business growth, and increase the risk of business failure, particularly under uncertain economic conditions [7], [8].

Financial behavior has become an important research topic within behavioral finance and entrepreneurial finance because it explains how business owners make financial decisions and manage financial resources. Financial behavior encompasses a wide range of activities, including budgeting, financial planning, cash flow management, saving, borrowing, investing, financial record keeping, and expenditure control [9], [10]. Sound financial behavior enables MSME owners to allocate financial resources efficiently, respond to financial risks, and improve business sustainability, whereas poor financial behavior may result in liquidity constraints, excessive debt, financial inefficiency, and declining business performance [11], [12]. Consequently, understanding financial behavior has become increasingly important for researchers, practitioners, and policymakers seeking to strengthen MSME financial management.

During the last decade, research on financial behavior among MSMEs has expanded considerably. Previous empirical studies have primarily examined the relationship between financial behavior and factors such as financial literacy, financial knowledge, financial attitude, financial capability, entrepreneurial orientation, digital financial services, financial technology adoption, and financial inclusion [13]–[16]. Most of these studies employ quantitative approaches to test causal relationships and generally conclude that improvements in financial literacy and financial capability contribute positively to financial behavior and business performance [14], [17]. Furthermore, recent studies have demonstrated growing interest in integrating behavioral finance perspectives into MSME financial management research, reflecting the increasing importance of psychological and behavioral factors in entrepreneurial decision-making [18], [19].

Although the literature has grown rapidly, several important gaps remain. First, existing studies are highly fragmented, as they focus on different determinants, theoretical perspectives, and empirical contexts without providing a comprehensive synthesis of the current body of knowledge [20]. Second, most review studies emphasize financial literacy, financial inclusion, or financial capability rather than financial behavior as the central concept in MSME business financial management . Third, limited attention has been devoted to identifying the dominant theoretical foundations, methodological trends, emerging research themes, and future research opportunities in this field. As a result, researchers and practitioners still lack an integrated understanding of how financial behavior has evolved within the context of MSME business financial management and where future research should be directed.

To address these gaps, this study conducts a Systematic Literature Review (SLR) following the PRISMA 2020 guidelines to synthesize existing evidence on financial behavior in MSME business financial management. Specifically, this review aims to identify publication trends, dominant theories, methodological approaches, determinants of financial behavior, major research themes, and existing research gaps while proposing future research directions. Through a systematic synthesis of the available literature, this study seeks to provide a comprehensive understanding of the development of financial behavior research within the MSME context.

This study contributes to the literature in several ways. First, it provides a comprehensive synthesis of contemporary research on financial behavior in MSME business financial management. Second, it integrates fragmented findings by classifying dominant theoretical perspectives, research themes, determinants, and methodological approaches. Third, it identifies unresolved issues and proposes a future research agenda that can guide subsequent empirical studies. Finally, the findings are expected to provide practical insights for policymakers, financial institutions, entrepreneurship support organizations, and MSME owners in designing strategies and policies that promote sound financial behavior and sustainable business financial management.

II. RESEARCH METHOD

2.1 Research Design

This study employed a **Systematic Literature Review (SLR)** to comprehensively synthesize existing knowledge on financial behavior in MSME business financial management. Compared with traditional literature reviews, the SLR approach provides a transparent, rigorous, and reproducible procedure for identifying, selecting, evaluating, and synthesizing relevant studies. The review process followed the **Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA 2020)** guidelines to ensure methodological transparency and minimize selection bias [21], [22].

2.2 Data Sources and Search Strategy

The literature search was conducted using **Scopus**, which was selected because it is one of the largest and most comprehensive databases of peer-reviewed academic publications in business, management, finance, and entrepreneurship. Only journal articles published in English between **2020 and 2026** were considered to capture the most recent developments in financial behavior research.

The search strategy combined keywords related to financial behavior and MSME financial management using Boolean operators. The primary search string was:

("financial behavior" OR "financial behaviour")
AND
("MSME*" OR "SME*" OR "small business*" OR "micro enterprise*" OR "entrepreneur*")
AND
("financial management" OR "business finance" OR "financial decision making")

Additional manual searches were conducted by examining the reference lists of highly relevant articles to identify any important studies that were not retrieved during the initial database search.

2.3 Inclusion and Exclusion Criteria

To ensure the quality and relevance of the reviewed studies, the following inclusion criteria were established:

1. Articles published in peer-reviewed journals;
2. Publications indexed in Scopus;

3. Articles written in English;
4. Studies published between 2020 and 2026;
5. Studies focusing on financial behavior, business financial management, entrepreneurial finance, or financial decision-making within the context of MSMEs or small businesses.

The exclusion criteria included:

1. Conference proceedings;
2. Book chapters;
3. Editorials;
4. Notes and commentaries;
5. Literature not related to MSMEs;
6. Studies focusing exclusively on household or personal financial behavior without business context;
7. Duplicate publications.

2.4 Study Selection Process

The article selection process followed the four stages recommended by PRISMA 2020:

1. **Identification.** Relevant articles were identified through database searching using predefined keywords.
2. **Screening.** Duplicate records were removed, followed by screening based on titles and abstracts to eliminate studies that did not match the research objectives.
3. **Eligibility.** The full texts of the remaining articles were carefully assessed according to the inclusion and exclusion criteria.
4. **Included.** Only studies meeting all eligibility criteria were included in the final review and analyzed further.

The PRISMA flow diagram illustrates the complete article selection process from identification to the final inclusion of eligible studies.

2.5 Data Extraction

Data from the selected studies were extracted using a standardized extraction form to ensure consistency. The extracted information included:

1. Author(s);
2. Publication year;
3. Country of study;
4. Research objectives;
5. Theoretical framework;
6. Research methodology;
7. Sample characteristics;
8. Determinants of financial behavior;
9. Key findings;
10. Research limitations;
11. Future research recommendations.

The extracted data were organized into summary tables to facilitate comparison across studies.

2.6 Data Analysis

The collected studies were analyzed using **thematic synthesis**. Similar findings were coded and grouped into broader themes to identify patterns and relationships across the literature. The analysis focused on:

- Publication trends;
- Theoretical foundations;
- Research methodologies;
- Determinants of financial behavior;
- Financial management practices among MSMEs;
- Research gaps;
- Future research directions.

The synthesis was conducted iteratively to ensure that recurring concepts and emerging themes were accurately represented. Finally, an integrative conceptual framework was developed based on the synthesized findings to illustrate the current state of knowledge and identify opportunities for future research.

2.7 Research Quality Assurance

To enhance the reliability of the review, each selected article was evaluated based on its relevance to the research objectives, methodological rigor, clarity of findings, and contribution to the field of MSME financial behavior. Preference was given to recent studies published in reputable peer-reviewed journals indexed in Scopus, ensuring that the review reflected high-quality and up-to-date evidence.

III. RESULT

3.1. Study Selection Process

The systematic literature review process was conducted following the PRISMA 2020 guidelines. The initial search process identified relevant publications related to financial behavior and MSME business financial management from the selected database. The search strategy focused on articles containing keywords related to "financial behavior," "financial management," "MSMEs," "SMEs," "entrepreneurial finance," and "financial decision-making".

After removing duplicate records and screening article titles and abstracts, studies that were not directly related to MSME financial behavior were excluded. The remaining articles were evaluated based on the predefined inclusion and exclusion criteria. The final selected articles were then analyzed to identify publication trends, theoretical perspectives, research methods, determinants of financial behavior, and emerging research themes.

The PRISMA-based selection process ensures transparency and methodological rigor in identifying relevant studies. Previous SLR studies in the MSME financial behavior field have similarly applied PRISMA procedures to systematically identify and synthesize evidence from academic literature.

3.2. Characteristics of Selected Studies

The reviewed studies demonstrate increasing academic attention toward financial behavior among MSMEs, particularly after 2020. Research in this field has expanded due to growing recognition that financial decisions among small business owners are influenced not only by economic factors but also by behavioral, psychological, and contextual factors.

The selected studies were categorized based on several characteristics, including publication year, research location, methodological approach, theoretical foundation, and research focus. Most studies investigated MSMEs in developing economies, particularly Asian countries, where MSMEs face challenges related to financial access, financial literacy, digital transformation, and business sustainability.

The literature indicates that financial behavior research among MSMEs is commonly associated with financial literacy, financial attitude, financial capability, financial inclusion, financial technology adoption, and business performance. Recent systematic reviews also show that financial literacy and financial management behavior have become dominant themes in MSME research.

3.3. Publication Trends

The analysis indicates a growing trend of publications examining financial behavior and MSME financial management during the 2020–2026 period. This increasing interest reflects the importance of understanding how MSME owners manage financial resources in an increasingly uncertain business environment.

The growth of research is also influenced by several global developments, including digital financial transformation, increased adoption of financial technology, and the need for MSMEs to improve financial resilience after economic disruptions.

Recent studies have emphasized that digital financial services, financial literacy, and financial capability have become increasingly important factors shaping MSME financial decision-making and financial management practices.

3.4. Dominant Theoretical Perspectives

The literature review identified several theoretical perspectives used to explain financial behavior among MSMEs.

Behavioral Finance Theory

Behavioral Finance Theory represents one of the most frequently applied perspectives. This theory explains that financial decisions are not always based on rational economic assumptions but are influenced by psychological factors, cognitive biases, emotions, and personal experiences.

Studies applying behavioral finance perspectives highlight the influence of factors such as overconfidence bias, loss aversion, mental accounting, and risk perception on MSME financial decisions.

Theory of Planned Behavior (TPB)

The Theory of Planned Behavior is also widely applied to explain how attitudes, subjective norms, and perceived behavioral control influence financial management behavior.

Research using TPB suggests that financial attitudes and social influences contribute to the intention and actual behavior of MSME owners in managing business finances.

Financial Capability Theory

Financial capability theory emphasizes the role of financial knowledge, skills, and access to financial resources in enabling individuals and business owners to make effective financial decisions.

3.5. Main Research Themes

The thematic analysis identified several dominant themes in the literature.

Theme 1: Financial Literacy as a Determinant of Financial Behavior
Financial literacy represents the most frequently discussed factor influencing MSME financial behavior. Previous studies indicate that financially literate entrepreneurs tend to demonstrate better budgeting practices, financial planning, record keeping, and investment decisions.
Financial literacy is also considered an important foundation for improving MSME sustainability because it enhances financial decision-making capabilities and access to external financing.
Theme 2: Financial Attitude and Decision-Making Behavior
Financial attitude influences how MSME owners perceive, evaluate, and respond to financial situations. Positive financial attitudes encourage responsible financial practices, including controlling expenses, separating personal and business finances, and planning future investments.
The literature suggests that financial attitudes often act as a psychological mechanism connecting financial knowledge with actual financial behavior.
Theme 3: Financial Technology and Digital Financial Behavior
Recent studies increasingly examine the relationship between financial technology adoption and MSME financial management behavior. Digital payment systems, mobile banking, and financial applications are considered important tools for improving financial efficiency and access to financial services.
However, adoption remains influenced by digital literacy, trust, perceived usefulness, and business characteristics.
Theme 4: Financial Management Practices
Financial management practices represent another major research theme. These practices include:
1. financial planning;
2. budgeting;
3. cash flow management;
4. bookkeeping;
5. debt management;
6. financial control.

The literature suggests that effective financial management practices contribute to improved business performance and long-term sustainability.
Theme 5: Financial Behavior and Business Performance
Many studies examine the relationship between financial behavior and MSME performance. The findings generally indicate that responsible financial behavior improves profitability, business resilience, and sustainability.
However, the strength of this relationship varies depending on contextual factors such as business size, industry sector, entrepreneurial experience, and institutional environment.

3.6. Methodological Trends

The reviewed studies reveal that quantitative approaches dominate financial behavior research among MSMEs. Survey methods using questionnaires and statistical techniques such as Structural Equation Modeling (SEM), Partial Least Squares (PLS-SEM), and regression analysis are frequently employed.

Although quantitative studies provide evidence regarding relationships among variables, qualitative and mixed-method studies remain limited. This indicates an opportunity for future research to explore deeper explanations regarding how MSME owners develop financial habits and make financial decisions.

3.7. Research Gaps Identified

Based on the systematic synthesis, several research gaps were identified:
1. Limited qualitative investigation of MSME owners' financial decision-making processes.
2. Lack of longitudinal studies examining changes in financial behavior over time.
3. Limited integration between behavioral finance perspectives and entrepreneurial finance.
4. Insufficient exploration of cultural and institutional factors influencing financial behavior.
5. Limited research examining how digital transformation changes MSME financial practices.

These gaps indicate opportunities for future studies to develop more comprehensive models explaining MSME financial behavior.

3.8. Summary of Findings

Overall, the literature demonstrates that MSME financial behavior is a multidimensional concept influenced by cognitive, psychological, financial, technological, and contextual factors. Financial literacy, financial attitude, financial capability, and digital financial adoption emerge as the most dominant factors shaping financial management behavior.

The findings suggest that future research should move beyond examining direct relationships among variables and focus on developing integrated frameworks that explain the process through which MSME owners make financial decisions and achieve sustainable business performance.

IV. DISCUSSION

4.1. Understanding the Role of Financial Behavior in MSME Financial Management

The findings of this systematic literature review indicate that financial behavior represents a critical component in determining the effectiveness of MSME financial management. Unlike large corporations that generally possess structured financial systems and professional financial managers, MSMEs often rely on the personal knowledge, experience, and judgment of business owners when making financial decisions. Therefore, financial behavior becomes an important mechanism that determines how entrepreneurs plan, allocate, control, and utilize financial resources.

The reviewed literature demonstrates that MSME financial behavior extends beyond technical financial skills and includes cognitive, psychological, and contextual dimensions. Business owners' financial decisions are influenced by their financial knowledge, attitudes, risk perception, experience, confidence, and ability to adapt to changing business environments. These findings support the perspective of behavioral finance, which argues that financial decisions are not always fully rational but are affected by human judgment, emotions, and cognitive limitations.

This indicates that improving MSME sustainability requires not only increasing access to financial resources but also strengthening the behavioral capabilities of business owners in managing those resources effectively.

4.2. Financial Literacy as a Foundation of Financial Behavior

One of the dominant findings identified in this review is the significant role of financial literacy in shaping MSME financial behavior. Previous studies consistently demonstrate that entrepreneurs with higher financial literacy tend to perform better financial management practices, including budgeting, financial planning, record keeping, and investment decisions.

Financial literacy provides MSME owners with the ability to understand financial information, evaluate alternatives, and make appropriate financial decisions. However, the findings suggest that financial literacy alone does not automatically guarantee effective financial behavior. Knowledge must be transformed into practical actions through positive financial attitudes, self-control, and appropriate decision-making processes.

This finding contributes to existing literature by suggesting that future research should examine financial literacy not only as an independent variable but also as a capability that interacts with psychological and environmental factors in shaping entrepreneurial financial behavior.

4.3. Behavioral Finance Perspective on MSME Financial Decision-Making

The findings reinforce the relevance of behavioral finance theory in explaining MSME financial behavior. Traditional financial theories assume that decision-makers behave rationally and have complete information. However, MSME owners frequently operate under conditions of uncertainty, limited resources, incomplete information, and time constraints.

Under these circumstances, entrepreneurs may rely on experience, intuition, and personal judgment when making financial decisions. Such behaviors may influence decisions related to borrowing, investment, saving, and business expansion. Cognitive biases, such as overconfidence, risk perception, and mental accounting, may affect how entrepreneurs evaluate financial opportunities and manage business resources.

Therefore, integrating behavioral finance perspectives into MSME research provides a deeper understanding of why entrepreneurs with similar financial knowledge may demonstrate different financial management practices.

4.4. The Influence of Digital Financial Transformation on Financial Behavior

The review highlights the increasing importance of digital financial services in transforming MSME financial behavior. The adoption of digital payments, mobile banking, accounting applications, and financial technology platforms has created new opportunities for MSMEs to improve financial efficiency and accessibility.

Digital financial tools allow entrepreneurs to conduct transactions more efficiently, monitor cash flows, maintain financial records, and access financial services. However, the findings indicate that technology adoption does not automatically improve financial behavior. The effectiveness of digital financial tools depends on entrepreneurs' digital literacy, trust, perceived usefulness, and willingness to change existing financial practices.

Therefore, future research should explore the interaction between financial behavior and digital transformation by examining how technological capabilities influence financial decision-making processes among MSMEs.

4.5. The Relationship Between Financial Behavior and MSME Sustainability

Another important finding is the relationship between financial behavior and business sustainability. Effective financial behavior contributes to better resource allocation, improved financial control, stronger cash flow management, and enhanced business resilience.

MSMEs with effective financial management practices are more capable of responding to market uncertainty, managing financial risks, and maintaining business continuity. Conversely, poor financial behavior may result in financial difficulties, inefficient resource utilization, and reduced competitiveness.

These findings highlight that financial behavior should be considered a strategic capability rather than merely an operational activity. From the Resource-Based View (RBV) perspective, financial management capabilities represent valuable internal resources that can support competitive advantage and long-term sustainability.

4.6. Theoretical Contributions

This study provides several theoretical contributions. First, it extends the understanding of MSME financial management by positioning financial behavior as a multidimensional construct involving knowledge, attitudes, capabilities, psychological factors, and contextual influences.

Second, this study integrates perspectives from behavioral finance, financial capability theory, and entrepreneurial finance to explain how MSME owners make financial decisions. The integration of these perspectives provides a broader theoretical foundation compared with previous studies that primarily focus on financial literacy as the main determinant of financial behavior.

Third, this review identifies the need for theoretical development that explains the dynamic process of financial behavior formation among MSME owners. Future research should investigate how entrepreneurs develop financial habits, adapt to financial challenges, and modify decision-making strategies throughout business development stages.

4.7. Research Implications and Future Directions

The findings provide several implications for future research. First, researchers should conduct more qualitative and mixed-method studies to explore the underlying processes behind MSME financial decisions. Existing literature is dominated by quantitative approaches, which provide evidence of relationships but provide limited understanding of behavioral mechanisms.

Second, future studies should investigate financial behavior across different cultural, institutional, and industry contexts. MSMEs operate within diverse environments, and contextual factors may significantly influence financial practices.

Third, future research should examine emerging issues such as digital financial behavior, sustainable finance practices, financial resilience, and the role of artificial intelligence-based financial tools in MSME financial management.

Finally, future studies should develop integrated conceptual models that combine financial knowledge, psychological characteristics, technological capabilities, and environmental factors to provide a more comprehensive explanation of MSME financial behavior.

4.8. Summary of Discussion

Overall, this systematic literature review demonstrates that financial behavior is a central element in MSME business financial management. The evidence suggests that financial behavior is shaped by the interaction between financial knowledge, attitudes, capabilities, technology adoption, and contextual conditions.

The discussion highlights that improving MSME financial sustainability requires a broader approach that goes beyond providing financial access. Strengthening entrepreneurial financial behavior through education, digital capability development, and supportive financial ecosystems is essential for improving MSME resilience and long-term performance.

V. FUTURE RESEARCH AGENDA

The findings of this systematic literature review reveal several opportunities for future research on financial behavior in MSME business financial management. Although existing studies have significantly contributed to understanding the determinants and consequences of financial behavior, several theoretical, methodological, and contextual limitations remain. Future research should address these limitations to develop a more comprehensive understanding of how MSME owners make financial decisions and manage business resources.

5.1. Expanding Research Methodologies

Future research should move beyond the dominance of quantitative approaches by adopting more qualitative and mixed-method research designs. Most existing studies rely on cross-sectional surveys and statistical techniques, such as Structural Equation Modeling (SEM) and regression analysis, to examine relationships among financial behavior variables. While these approaches provide valuable evidence regarding associations between constructs, they provide limited insight into the underlying processes, experiences, and decision-making mechanisms of MSME owners.

Qualitative approaches, including case studies, grounded theory, and narrative inquiry, can provide deeper explanations regarding how entrepreneurs develop financial habits, respond to financial challenges, and make decisions under uncertainty. Mixed-method approaches may also provide stronger evidence by combining statistical relationships with contextual explanations of financial behavior.

5.2. Developing Integrated Theoretical Frameworks

Existing studies frequently examine financial behavior through individual theories, particularly behavioral finance theory, financial literacy theory, and the Theory of Planned Behavior. However, MSME financial behavior is a complex phenomenon influenced by multiple dimensions, including cognitive factors, psychological characteristics, financial capabilities, technological adoption, and external business environments.

Future research should develop integrated theoretical frameworks that combine perspectives from behavioral finance, entrepreneurial finance, financial capability theory, and the Resource-Based View (RBV). Such integration may provide a more comprehensive explanation of how internal capabilities and external conditions interact to shape financial decision-making among MSME owners.

5.3. Investigating the Dynamic Nature of Financial Behavior

Most existing studies examine financial behavior as a static construct measured at a single point in time. However, entrepreneurial financial behavior may change as businesses grow, encounter challenges, adopt new technologies, or experience economic disruptions.

Future studies should employ longitudinal research designs to investigate how financial behavior evolves throughout different stages of business development. Such research could examine how MSME owners modify financial strategies during periods of business expansion, financial difficulties, economic crises, or technological transformation.

5.4. Exploring Digital Financial Behavior among MSMEs

The rapid development of financial technology has transformed the way MSMEs conduct financial activities. Digital payments, online banking, accounting applications, and digital lending platforms have created new opportunities for improving financial management practices.

However, research on digital financial behavior among MSMEs remains relatively limited. Future studies should investigate how digital literacy, technology acceptance, cybersecurity concerns, and trust influence the adoption of digital financial tools. Furthermore, research should explore whether digital financial adoption improves financial decision-making quality and business sustainability.

5.5. Examining Contextual and Cultural Factors

The existing literature is concentrated in several developing economies, particularly Asian countries. Although these studies provide important insights, financial behavior may vary depending on cultural values, institutional environments, regulatory systems, and financial market conditions.

Future research should conduct comparative studies across countries and regions to examine how contextual differences influence MSME financial behavior. Cultural dimensions, social networks, family involvement, and informal financial practices represent important areas that require further investigation.

5.6. Connecting Financial Behavior with Sustainability and Resilience

Future research should further explore the relationship between financial behavior and MSME sustainability. While previous studies have linked financial behavior with business performance, limited attention has been given to how financial behavior contributes to long-term resilience, crisis management, and sustainable business development.

Future studies may examine how responsible financial practices, financial planning capabilities, and risk management behaviors enable MSMEs to survive economic uncertainty and achieve sustainable growth.

5.7. Exploring Emerging Research Topics

Several emerging areas provide opportunities for future investigation, including:

1. Artificial intelligence-based financial management tools for MSMEs;
2. Sustainable finance practices among small businesses;
3. Financial resilience after economic crises;
4. Behavioral aspects of digital lending adoption;
5. The role of gender, entrepreneurial experience, and business characteristics in shaping financial behavior;
6. The relationship between financial behavior and environmental, social, and governance (ESG) practices among MSMEs.

These emerging topics may expand the boundaries of current financial behavior research and provide new insights into the evolving challenges faced by MSMEs.

5.8. Proposed Future Research Direction

Based on the synthesis of existing literature, future research should consider developing a multidimensional model of MSME financial behavior that incorporates:

1. **Individual factors**
   (financial literacy, financial attitude, psychological characteristics, entrepreneurial experience);

2. **Capability factors**
   (financial capability, digital capability, financial management skills);
3. **Environmental factors**
   (financial access, institutional support, technological environment, market uncertainty);
4. **Behavioral outcomes**
   (financial decision-making quality, business performance, resilience, and sustainability).

Such an integrated perspective may provide a stronger theoretical foundation for explaining financial behavior among MSMEs and support the development of more effective policies and interventions for improving MSME financial sustainability.

VI. CONCLUSION

This systematic literature review provides a comprehensive understanding of financial behavior in MSME business financial management by synthesizing previous research findings, identifying dominant themes, examining theoretical perspectives, and highlighting future research opportunities. The findings demonstrate that financial behavior is a multidimensional concept influenced by financial knowledge, financial attitudes, financial capabilities, psychological factors, technological development, and contextual business environments.

The review highlights that financial literacy, financial attitude, financial capability, and financial technology adoption are among the most frequently examined factors influencing MSME financial behavior. These factors contribute to various financial management practices, including budgeting, financial planning, cash flow management, financial record keeping, investment decisions, and risk management. Effective financial behavior enables MSME owners to improve resource allocation, strengthen financial control, enhance business performance, and increase resilience in uncertain economic conditions.

From a theoretical perspective, this study confirms the importance of behavioral finance theory in explaining MSME financial decision-making. Unlike traditional financial perspectives that assume rational decision-making, behavioral finance recognizes that entrepreneurial financial decisions are influenced by cognitive processes, psychological characteristics, personal experiences, and environmental constraints. The integration of behavioral finance with financial capability theory, entrepreneurial finance, and resource-based perspectives provides a broader understanding of how MSME owners develop and implement financial practices.

This study also identifies several limitations within the existing literature. Current research is dominated by quantitative cross-sectional studies, while qualitative and longitudinal investigations remain limited. Furthermore, existing studies have not sufficiently explored how cultural factors, institutional environments, digital transformation, and business development stages influence financial behavior among MSMEs. These limitations provide important opportunities for future research to develop more comprehensive and context-sensitive explanations of MSME financial decision-making.

Theoretically, this review contributes by organizing fragmented knowledge on MSME financial behavior and proposing future research directions toward an integrated framework that considers individual, capability, technological, and environmental factors. Practically, the findings provide implications for policymakers, financial institutions, and MSME development organizations to design programs that strengthen financial literacy, digital financial capability, and responsible financial management practices among entrepreneurs.

In conclusion, financial behavior represents a strategic capability that determines the ability of MSMEs to manage resources effectively and achieve sustainable business development. Future research should continue expanding this field by adopting diverse methodologies, developing integrated theoretical models, and examining emerging financial challenges associated with digital transformation and sustainable entrepreneurship.

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