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AN ASSESSMENT OF THE IMPACT OF DIGITALIZATION OF MICROCREDIT SERVICES ON MICRO AND SMALL ENTERPRISES

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ABSTRACT

Purpose*:* The study assessed the impact of digitalization of microcredit services among micro and small enterprises.
Design/Methodology/Approach: The probability sampling technique used in obtaining the sample of 125 respondents. Data were collected and descriptive analysis was used in finding the frequencies, percentages and mean.
Findings: The study results revealed that the digitalization of microcredit services is beneficial to micro and small enterprises, however, these enterprises face challenges in accessing digital microfinance services
Research limitation/Implications: The study contributed to the approach by research questions and theories. The research questions focused on the benefits, challenges and awareness of digital microcredit services to micro and small enterprises.
Practical implications: The study implies that digital technology in the financial industry is changing each day and as the technology changes users also need to change to cope with the situation. For that case, the financial institutions need to focus on how to help their customers in adapting to the situation so that they may proceed in providing their financial services.
Social Implications: Microfinance institutions' digital technology must be connected to their consumers both internally and externally to provide acceptable and quality services.
Originality / Value: The study recommends that there is a need for microfinance institutions to make sure that they provide privacy to customers by increasing financial security on their customers' accounts and training users of digital microcredit services.

Keywords: *Awareness; digitalization; microcredit; micro and small enterprises; Tanzania*

1.0 INTRODUCTION

1.1 Background

Digitalization of microcredit services is the technological advancement that facilitates accessibility of financial services anywhere anytime (Ray, Paul, & Miglani, 2018). Digital technology uses various applications in providing services to customers. Financial technologies have been used, in lending, payments, wealth/investment management, insurance, and

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regulation (Hsu & Li, 2020; Allayannis & Becker, 2019). These digital technologies have helped in reaching a large number of customers residing in different geographical locations (Belás, Korauš, Kombo, & Korauš, 2016). Tanzanian microfinance institutions have embraced the technology by digitalizing the existing operations and services (Buckley & Webster, 2016). According to Were & Israel (2021), by 2017 financial intuitions found in Tanzania were able to reach 65percent of the population in Tanzania.

In developed countries, digital technology has become more accessible because of infrastructure and communication advancements that have allowed it to reach small businesses. However, the introduction of digital technology to micro and small businesses in African countries has been beneficial to the majority of entrepreneurs (Hsu & Li, 2020). Small and medium-sized businesses rely heavily on digital financial technology, especially when it comes to paying for the transportation of their goods. When the entrepreneur had to travel to find goods, this saved a great deal of money as mentioned by (Kumar, Nim, & Agarwal, 2020). Kenya, Uganda, Burundi and Rwanda are examples of aristocrats the use of digital technology has resulted in the creation of new employment opportunities. Because of this, technology has focused on urban areas, overlooking rural ones (Twesige, Uwamahoro, Ndikubwimana, Gasheja, Misago, & Hategikimana, 2021). As a result, entrepreneurs who have been shipping goods from one country to another are now able to obtain financing. Since many Tanzanian banks have recognized the importance of entrepreneurs in using digital financial technology, they've created group accounts for groups of entrepreneurs so that they can more easily access financial services as mentioned (Mashenene, 2019). For the financial institutions, doing this study has helped extend financial services to small businesses in rural locations so that they can access digital services. A lack of awareness and understanding among Small and Medium Enterprises (SMEs) has prevented them from obtaining digital technology (Westerman, Bonnet, & McAfee, 2014).

The availability of digital technology provides an opportunity for all business undertakings in managing more information, thus turning most of the services into Economides & Jeziorski, (2017). Despite those Microfinance Institutions (MFIs) using the new technology to improve their services, there is still a gap in reaching Micro and Small Enterprises (MSEs) Prathap, Subrahmanya, & Haris, 2018). Tanzanian MFIs' services to MSEs are information and operational paper-centric, not timely, have incomplete data and cannot be independently verified (Gomera, 2010). These constraints can be linked to the inadequate usage of digital technology. Table 1 shows microcredit services offered by MFIs and digitalized services.

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Table 1: Status of Digitalization of Microcredit Services

S/N	Microcredit Services	Status of Digitalization		Reference
		Digitalized	None Digitalized	
1	Micro loan		√	(Kaffenberger, Totolo, & Soursourian, 2018; Mazer and Fiorillo, 2015)
2	Micro Saving	√		(Kaffenberger, Totolo, & Soursourian, 2018)
3	Training		√	(Gomera, 2020)
4	Micro Insurance		√	(Gomera, 2020; Di Castri & Gidvani, 2014; Hulme & Barrientos, 2009)
5	Money Transfer	√		(Economides & Jeziorski, 2017)
6	Credit Status		√	(Di Castri & Gidvani, 2014; Hsu & Li, 2020)
7	Loan Monitoring	√	√	Di Castri & Gidvani, 2014)

1.2 Problem Statement

Numerous studies (Kaffenberger, Totolo, & Soursourian, 2018; Hsu & Li, 2020; Mazer & Fiorillo, 2015) revealed that MSEs have low usage of digital technology to access microcredit services. The development and digital readiness of MSEs are affected by financial problems, legal and policy setting and the business environment (Adebisi & Adekola, 2016). Moreover, there is a limited mechanism for ensuring technological interaction between MFIs and MSEs. This creates the need of understanding the technological impact on the digital microcredit services in MSEs in Tanzania. Moreover, there is limited information on the extent to which digital microcredit services are used and influence the performance of MSEs. This assesses the status, challenges and benefits of the digitalization of microcredit services among MSEs.

Numerous kinds of literature have revealed that the usage of digital technology in microcredit services has made MFIs achieve greater levels of reaching customers, realised efficiency, improved customer care, and achieved on-time service delivery (Mwela, 2014; Gomera & Oreku, 2018; Gomera & Oreku, 2020; Kauffman & Riggins, 2012; Agrawal & Sen, 2017) just to mention few. Many MFIs use computer systems to handle large amounts of information, control accounting and manage human resources.

However, for the case of MSEs it might not be the same, MSEs businesses are still relying on a physical approach to perform everyday activities (Donner & Escobari, 2010; Olatokun & Bankole, 2011). Although, MSEs depend on financial technology in getting access to financial services (Mashenene, 2019), currently, the services are way direction that is, from MFIs to the clients. Technological solutions such as the use of online platforms in opening saving accounts, depositing, receiving microloan and monitoring loan remains a challenge to the MSEs (Kumar, Nim, & Agarwal, 2020). Digital technology has been a challenge not only to MSEs but also to employees who offer micro-credit services (Gomera & Oreku, 2018).

Due to the interactive nature between MFIs and MSEs through microcredit services, digital technology must have an impact on the side of MSEs. Therefore, the digital technological usage

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of MFIs should focus on MSEs who are ultimate beneficiaries of digital microcredit services offered by MFIs. It is well known that digital technology for MFIs has an impact on dealing with large volumes of information, aggregations of information and services, high speed of attending to customers and reduction of operation cost (Weber, 2012; Moro, 2019), however, this should not be the only milestone to be proud of in financial inclusion. The researchers believe that an appropriate impact of digital technology should be realized when all parts of the interaction that is, MFIs and MSEs are digitalized. Therefore, this study focused on assessing the benefits of the digitalization process of microcredit services to the MSEs, the challenges hindering MSEs from accessing digital microcredit, and the extent MFI provide awareness to MSEs on digital micro credit services.

2.1 Theoretical Review

This part presents different theories used in the paper. The theories used in the study include Activity theory, theory of agency, Relationship lending theory and financial intermediations theory.

2.1.1 Activity theory

Activity theory was introduced by a Rusian Psychologist known as Aleksei Leontiev. The theory originated from social-cultural tradition (Engestrom, Nummijoki & Sannino, 2012). The activity-based theory is based on providing methods of understanding, analysing and presenting the phenomena (Kaptelinin & Nardi, 2006). Activity theory aims at understanding the mental capability of a single individual and rejecting isolated individuals as the insufficient unit of analysis. Activity Theory categorises the social-technical system into six elements, which are tools, subject, rules, community, division of labour and object (Egestrom, 2015). In the context of activity theory, technology is viewed as a tool that mediates social action. Instruments, signs, language, machinery, and computers are only a few of the facts included in this category of tools. The component of community is used to examine the relationship between an individual and their environment. The division of labour serves as a means of establishing a connection between the community as a whole and its members as individuals (Engestrom & Sannino,2020)

The study has discovered that Activity theory regards activity not as a simple individual action but as being culturally and historically located. In other words, activity theory stems from its core notion of purposeful activity in a cultural-historical context as the essential unit for the study of human conduct. Activity Theory underpins only complex and dynamic human concerns of study and practice.

The gap that is observed in this theory is that the theory lacked clarity on what development means for activity. It has also been pointed out that no set of clearly formulated and universally acceptable stages of development has been identified. Therefore this study has tried to show how the use of digital technology has benefited SMEs in obtaining Digital banking services.

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2.1.2 Agency-Principal theory

The agency-principal theory is used in amplifying the issues between business principals and their agents (Delreux & Adriaensen, 2017). Mitnick (2013) describes the agency theory as the relationship that exists between the two parties in which the agent represents the principal on their behalf. The agent becomes responsible for making decisions but incurs little or no risks since losses are born to the agent. The theory is less interested in protecting the goods than the actual owners.

According to Mitnick (2013), the agency loss is reduced by giving incentives to corporate managers by maximizing their profits. Agent theory relies on the fact that the public sector could be improved if the incentives-based contracts between the actors are implemented. The principal becomes responsible for achieving the desired outcomes while the agents are responsible for clarity around work programs and goals.

The study has discovered that there was a gap in agency principal theory since it based its ideas on firms denying the fact that the Agency-Principal theory prevails in society as well. Thus the study has revealed that the agency principal theory could also be practised in societies especially when there are agreements between two parties.

2.1.3 Relationship lending Theory

Relationship lending theory was formulated to observe, identify and control different measures concerning borrowing risks such as credit history, leverage, firm's age and cash flow (Bolton, Freixas, Gambacorta, & Paolo, 2016). Relationship lending is concerned with the connection between the lender and the borrower. Lenders have the responsibility of collecting enough information concerning the borrower before agreeing. And the borrowers are inclined to disclose information.

The study has discovered a gap in the relationship theory which insists financial institutions do not provide loans that are not profitable in the short term but are profitable over the long term. This fact tends to distract the MSEs who depend on short term loans to expand their business thus the study has found it as a challenge that prevents MSEs from taking short term loans.

2.1.4 Financial Intermediation Theory

Financial intermediations theory is describing the transaction cost and information gap (Revathi (2019). Bostrom, (2019) describes financial intermediations as mechanisms of financing borrowers. The MFIs borrow money from depositors and lend them to borrowers. Technology and the widespread of the internet have changed the delivery of different financial services. Internets and mobile banking have taken the position of the self-delivery channels while the new technology is reported to lower barriers to entering the financial industry (Andersson & Boström, (2019).

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The researcher believes that using digital services helps in reducing unnecessary risks that might occur during operation activities when providing microcredit services. Despite reducing the risks, Revathi (2019); Boström, (2019); Litvishko, Beketova, Akimova, Azhmukhamedova, & Islyam, (2020) reported that customers who use digital services do not have enough knowledge of using the financial technology. It is further reported that there is a need for expanding financial services in the rural areas where there is a low network connection, shortage of committed funding, poor team working support and shortage of infrastructure. The study has identified a gap in the online financial customers faced with security concerns, transaction difficulties, and limited market budgets. Additionally, the employment of new financial technology has posed a challenge to the staff that was required to provide banking services, as well as digital services. As a result, the unemployment rate in the areas has increased.

2.2 Conceptual Framework

The study is guided by research questions and theories. The research questions focused on the benefits, challenges and awareness of digital microcredit services to MSEs. The conceptual framework explains that the MFIs provide micro-credit services (Micro loan, Micro savings, micro insurance, training) to the MSEs. In the provision of micro-credit services, the MFIs are abided by the relationship lending theory, agency principal theory, activity theory and financial intermediation theory. Moreover, the MSEs benefit from the micro-credit services since they can transfer funds, save their time and get access to loans. However, the MSEs are also challenged when accessing the microcredit services where they face a lack of privacy and security, they fail to obtain credit status and other challenges such as limited services.

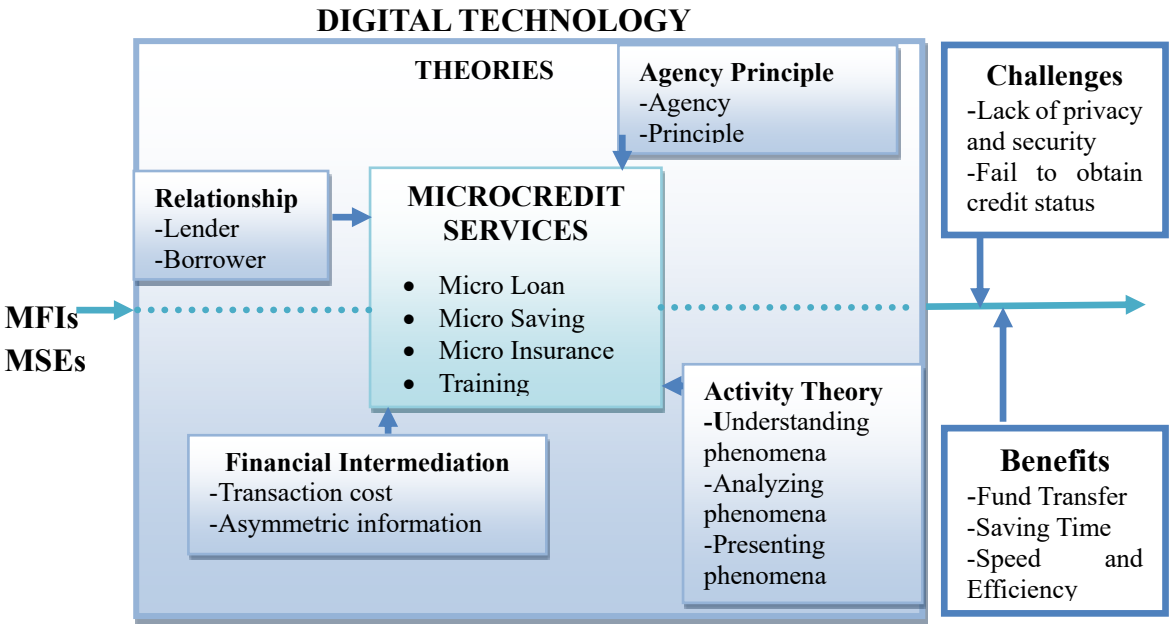

Figure 1 Conceptual Framework

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3.0 METHODOLOGY

3.1 Research Area

This study was conducted in Dar es Salaam city, Ilala municipality due to a large number of MFIs and MSEs located within the municipality. The city is located at 39°17' in the east and 6°48' in the southern part of Tanzania.

3.2 Population, Sample Size and Sampling Procedures

The study intended to obtain information from the financial officers and the MSEs located in Dar es Salaam Ilala municipality. The study focused on the financial officers who were responsible for raising awareness of the MSEs thus the study involved 26 officers from FINCA microfinance.

The population of the MSEs who received financial services from June 2020 to June 2021 was 150 MSEs. Similarly, the researcher sought to obtain the list and contacts of MSEs from FINCA microfinance that were operating in Ilala Municipality to reach the SMEs. The probability sampling technique was employed to get the sample size of the financial officers and the MSEs whereby simplified formula which was formulated by Yamane, (1967), was used in calculating the sample size of the respondents.

$$\mathrm{n} = \frac{\mathrm{N}}{1 + \mathrm{N}(\mathrm{e})^2}$$

Whereby N represents the population, n represents the sample size, e represents the error term; the researcher has used 95% degree with an error term of 5%.

FINCA Officers

$$n = \frac{26}{1 + 26(0.05)^2}$$

$$n = \frac{26}{1.065} = 24$$

MSEs

$$n = \frac{150}{1 + 150(0.05)^2}$$

$$n = \frac{150}{1.375} = 109$$

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Therefore, the sample was 24 Financial Officers who were responsible for providing training on awareness to MSEs concerning Digital Micro Credit Services and 109 MSEs. The researcher used simple random sampling in selecting the respondents

Table 2 Sample Size

Respondents	Targeted Sample size	Number of Responses
Financial Officer	24	15
MSEs	109	100
Total	133	115

Therefore, the study was able to collect information from 15 Microcredit Officers dealing with awareness provision to the MSEs and 100 MSEs who were ready to respond to the study questions.

3.3 Data Collection Process

The study involved primary and secondary sources of data collection. Information from primary sources was collected from a close-ended questionnaire. Information from secondary sources was obtained from interviews.

3.4 Data Processing and Analysis

Quantitative data was analysed through SPSS software (Version 24). Descriptive analysis was used in obtaining frequencies and percentages and the mean results were presented in tables to make interpretation easy. Qualitative data analysis involved coding the identified themes, patterns and relationships of the obtained results.

4.0 RESULTS

4.1 Demographic Profile of MSEs and Credit officers

The study involved people of different ages, education levels and experiences to identify the benefits and challenges facing MSEs in digital banking services. Table 3 represents the demographic information of age group, education level and business experience.

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Table 3: Demographic Profile of MSE and MFI

Demographic Profile	Variables	MSEs	FINCA
Age of Respondents	Less than 21 years	9	0
	21-30	37	6
	31-40	32	5
	41-50	13	3
	51-60	5	1
	More than 60	4	0
	Total	100	15
Education Level	Informal Education	15	0
	Secondary Education	19	0
	Under Graduate Degree	42	10
	Post Graduate Degree	24	5
	Total	100	15
Experience of Respondents	less than 2 years	7	0
	2 years	26	5
	3-5 years	37	6
	6-8 years	20	3
	9-11 years	4	1
	More than11 years	6	0
	Total	100	15
	Less than 21 years	9	0
	21-30	37	6
	31-40	32	5
	41-50	13	3
	51-60	5	1
	More than 60	4	0
	Total	100	15

4.2 Results

The study sought to respond to the research questions on the challenges and benefits of the digitalization process of microcredit services among MSEs, the challenges hindering MSEs in accessing digital microcredit services and awareness training provided by MFI (FINCA) to MSEs on Digital Micro Credit Services**.** The response mode was rated on a Likert scale of five responses. Whereby SA=Strongly agree, (5) A=Agree, (4) N=Neutral, (3) D=Disagree, (2) SD=Strongly Disagree (1).

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4.2.1 Benefits of Digitalization Process of Micro Credit Services to the MSEs

The first objective focused on assessing the benefits entrepreneur obtained in accessing digital banking services. The study involved 100 entrepreneurs whereby descriptive analysis was used in analysing the frequencies, percentages and the mean, the findings are as shown in Table 4.

Table 4 Benefit of Digitalization Banking Services to MSEs

Variable	Mean	Rank
Saving time	3.66	1
Options in making payment	3.43	2
Fund transfer	3.37	3
Access to bank statement	3.30	4
Access to loan services	3.18	5
Speed and efficiency	2.86	6
Viewing transaction	2.55	7
Weighted Mean	3.19	
Interpretation of the Mean 4.30-5.00=Very high Benefit 3.49-4.29=High Benefit 3.00-3.48=Moderate Benefit 1.89-2.99=Low Benefit 1.00-1.88=Very Low Benefit		

The findings in Table 4 show that the digital banking services highly supported entrepreneurs in saving their time (3.66) and in accessing more options for making payments (3.43). However digital banking services were reported as moderately useful in transferring funds (3.37), accessing bank statements (3.30), accessing loan services (3.18), increasing speed and efficiency (2.86), and viewing transactions (2.55). Generally, the study findings reveal that entrepreneurs moderately benefited from digital banking services due to the weighted mean of 3.19.

4.2.2 Challenges of facing MSEs in accessing Digital Micro Credit Service

The second objective focused on assessing the challenges that face entrepreneurs (MSEs) in accessing digital banking services as the finding presented in Table 5.

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Table 5: *Challenges facing MSEs in accessing Digital Micro Credit Service*

Variable	Mean	Rank
Lack of privacy and security	3.66	1
Technology disturbance	3.31	2
Poor understanding on digital banking	3.38	3
Undefined Digital Banking charges	3.22	4
Lack of personal interaction	3.21	5
Fail to obtain credit status	3.17	6
Limited services	2.87	7
Weighted Mean	3.26	
Interpretation of the Mean 4.30-5.00 = Very High Challenge 3.49-4.29= High Challenge 3.00-3.48= Moderate Challenge 1.89-2.99= Low Challenge 1.00-1.88= Very Low Challenge		

The findings in Table 5 revealed that the challenges experienced by entrepreneurs were ranked high in obtaining privacy and security (3.66), moderate in understanding digital banking (3.47), technology disturbance (3.31), Limited services (3.22), Undefined Digital Banking charges (3.22), lack of personal interaction (3.21) and fail to obtain credit status (3.17), and (2.87). Thus, the study objective implies that the entrepreneurs faced moderate challenges in accessing digital banking services with a weighted mean (3.26).

4.2.3 Awareness of Digital Micro Credit Services provided by MFI to MSEs

This objective is aimed at assessing the awareness concerning digital micro-credit services provided by MFI (FINCA) to entrepreneurs. This objective involved 15 officers at FINCA microfinance institution as shown in Table 6

Table 6: Awareness provided by MFI to MSEs on Digital Micro Credit Services

Variable	Mean	Rank
Awareness on Credit status	3.67	1
Awareness on Digital equipments	3.53	2
Awareness on Micro loan	3.47	3
Awareness on Loan monitoring	3.47	4
Awareness on Money transfer	3.33	5
Awareness on Micro insurance	3.27	6
Awareness on Micro saving	3.13	7
Weighted Mean	3.41	8

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	Interpretation of the Mean 4.30-5.00 = Very high awareness 3.49-4.29= High awareness 3.00-3.48= Moderate awareness 1.89-2.99= low awareness 1.00-1.88= very low awareness

The findings in Table 6 reveal that the provision of awareness by MFI was ranked high on Micro loan (3.47), Credit status (3.67) and loan monitoring (3.47), and moderate on Micro saving (3.13), digital equipment (3.53), Micro insurance (3.27) and money transfer (33.3). The study findings confirm that MFI provision of awareness to the MSEs was high with a weighted mean of 3.41.

5.0 DISCUSSION

This study responds to the following research questions, what are the benefits of the digitalization process of microcredit services to the MSEs? What are the challenges hindering MSEs from accessing digital microcredit? Does MFI provide awareness to MSEs on Digital Micro Credit Services?

5.1 Benefits of Digitalization Process of Microcredit Services to the MSEs

The study agrees with relationship lending, Financial Intermediation and activity theory. Moreover, the practises enhanced much through the application of technology whereas, MSEs benefited from this operation. Through the financial digital technology more MSEs were reached in their areas and benefited from the loan given through relationship landing and intermediations practices. The principal relies on the agent in the transaction (Delreux & Adriaensen, 2017). When transferring credits, for example, saves time. MSEs were also able to see their transactions after getting financial assistance. Furthermore, digital microcredit services are available when MFIs use digital technology and information sharing to keep in touch with MSEs in the supply chain. Also, the MSEs were able to keep the relationship between the two parties going strong (Mucunguzi, 2018).

Digital technology is confirmed to speed up operations and decrease paperwork, reaching a large number of clients quickly and boosting operational efficiency. (Agboola, 2019; Kaffenberger, Totolo, & Soursourian, 2018) As long as the financial institutions were confident in their customers' creditworthiness, they were able to extend online credit to them. To quote from the same study (Westerman, Bonnet & McAfee, 2014), "digital technology has offered up additional possibilities in the sector of finance resulting in cheaper prices," a high degree of speed and effectiveness.

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5.2 Challenges that Hinder MSEs in Accessing Digital Microcredit

The study agrees with Activity theory which states that using a computer and its supporting tools, such as software applications, as well as communication platforms such as the Internet makes human working activities and communication processes easier and more efficient. Apart from the MSEs agreeing with the fact that digital technology has easily facilitated their transaction the MSEs were still facing many obstacles due to a lack of digital technological knowledge. Using digital micro-credit services has presented MSEs with a problem in comprehending and analysing the technology. MSEs also grumbled about the ad hoc fees they had to pay to use the microcredit facilities. But financial intermediation theory shows that financial organizations have a variety of transaction costs connected with their service offerings (Egestrom, 2015)

Due to the lack of widely available microcredit services, MSEs face limited access and use of existing digital technological solutions. As a result, MSEs viewed digital technology as prohibitively expensive based on their current level of business capital. MSEs believe that the current state of digital technology does not provide short-term benefits in productivity.

MFIs and MSEs are unable to communicate fully due to a lack of adequate technology applications, which necessitate physical contact between the two. There is still a lot of physical connection between loan officers and MSEs when it comes to services like training, loan application, and loan monitoring. Microcredit services such as money transfers, deposits and short messaging services and reminders can all be done via mobile technology. MFIs are only able to provide basic information to their clients because of the current degree of digital technology utilization by MSEs (Mukherjee & Chakraborty, 2012).

Banking fees that aren't clearly defined Privacy and security are lacking in this environment. Various works of literature were reviewed in this section to highlight the issues that financial institutions and consumers confront when utilizing digital technology. The study argues that the use of digital services reduces the possibility of unintended consequences that may arise during banking operations. Though the risks are reduced, there are several challenges with digital technology, such as a lack of qualified technicians and knowledge to support the digital network, undeveloped technology; weak infrastructure and limited capacity to use digital banking services, lack of information and legal enforcement payment mechanisms (Engestrom, Nummijoki & Sannino, 2012).

A large number of Mses in developing nations continue to operate under tough conditions, despite the efforts of these organizations. They have had a difficult time promoting their items. When it comes to developing new items, they lack the necessary competent technical staff

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(Satta, 2003; Donner & Escobari, 2010). Absence of face-to-face communication Disruption caused by new technological developments Understanding, analyzing, and presenting the phenomena are the primary goals of activity-based theory (Kaptelinin & Nardi, 2006). The Activity Theory examined the mental capabilities of an individual as a whole, rather than focusing on a single person. Tools, subjects, rules, community, division of labour, and objects make up the six parts of the social-technical system, according to Activity Theory (Engeström, 2015).

5.3 Awareness of MSEs on Digital Micro Credit Services

The study agrees with activity theory since it observes technology as a tool that facilitates social action. Solving various problems has necessitated a thorough understanding of the issues at hand. Using digital micro-credit services to finance a business was found to be a challenge for micro-enterprises. The integration of technology is seen in activity theory as a tool that mediates social action. Instruments, signs, language, machines, and computers are all examples of artefacts. Individual-environment relationships are examined by focusing on the concept of community. However, MFI played a significant role in ensuring that clients, particularly MSEs that sought assistance from MFI, were made aware of the usage of digital technology. Technology is seen as a tool for facilitating social action, according to activity theory. Instruments, signs, language, machines, and computers are all examples of these artefacts. The component of community is used to examine the relationship between the individual and their environment. Microfinance Institutions (MFIs) gave information on how to obtain micro-loans, how to start savings accounts, how to get micro-insurance, and how to transfer money between accounts. Norms mediate the interaction between individuals within a community and the division of labour mediates the relationship between individuals within a community and individuals within an individual (Bolton, Freixas,Gambacorta & Paolo, 2016). Microcredit services can be accessed by both official and informal groups via digital platforms. Microloans, micro savings, micro insurance, money transfers, and loan monitoring are all examples of these services (Kaffenberger, Totolo, & Soursourian, 2018; Economides & Jeziorski, 2017). Knowledge of micro saving, digital equipment, micro insurance, money transfer, credit status, and monitoring of loans are all examples of microcredit services.

6.0 CONCLUSION AND RECOMMENDATIONS

The study concludes that the MSEs benefited from digitalization micro credit services though they faced different challenges. The study discovered however that, there is a need of providing more awareness to MSEs on how to access digital banking services. Therefore, MFIs have to focus on helping their customers to adopt digital technology in receiving micro credit services.

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The study suggests that there is a need for MFIs to invest in projects that raise digital readiness among MSEs, designing, developing and implementing digital solutions among MSEs.

Concerning Tanzanian MSEs, Tanzanian MFIs should endeavour to be strongly positioned to meet the demand for digital services. MFIs' digital technology must be connected to their consumers both internally and externally to provide acceptable and quality services.

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