ASSESSMENT OF THE IMPACT OF FINANCIAL LITERACY ON ECONOMIC SUSTAINABILITY OF SMES IN SOUTH WEST, NIGERIA

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Abstract
The role played by Small and Medium Enterprises (SMEs) on economic development cannot be undermined, as they contribute greatly to employment generation, innovation, and poverty reduction. However, a significant challenge of the high failure rate of SMEs in Nigeria, particularly within the first five years of operation, persists, and financial literacy has been identified as a major hindrance to SME sustainability, which affects business owners' ability to access finance, manage risks, and make informed financial decisions. The study, therefore, assesses the Impact of Financial Literacy on the SMEs' economic sustainability in South West Nigeria. The research adopts a multidimensional approach by examining financial literacy through financial attitudes, financial knowledge, financial planning, financial behavior and access to financial services as critical factors shaping SME sustainability, operationalized through SMEs' perceptions of improved profit, liquidity management, and business expansion, among others. Anchored in the Human Capital Theory, as it posits that literacy constitutes valuable forms of capital that enhance individual productivity and performance, which enhances business resilience. A structured survey research design was employed to target SME owners across six strategic cities in South West Nigeria, including Lagos, Ibadan, and Akure. Using Krejcie and Morgan table, a sample of 384 SMEs was selected for the study. The study adopts multiple regression to test the relationships between financial literacy components and SME sustainability outcomes, and it was found that all the financial literacy components have a positive and significant impact on the economic sustainability of SMEs. It was recommended that SME owners should improve on financial activities such as record keeping, budgeting, and savings, among others, to enhance sustainability and should also engage in deliberate financial planning, such as an expansion strategy and re-investment strategy.

Keywords: Financial literacy, financial behavior, small business, economic sustainability

1.0 Introduction

The high failure rate of Small and Medium Enterprises (SMEs) remains a significant challenge to economic development in Nigeria. Despite their crucial role in employment generation, wealth creation, technological advancement, and poverty reduction, several Nigerian SMEs face continuous operational and financial obstacles that affect their economic sustainability. According to a recent study, over 75% of SMEs in Nigeria fail within their first five years, posing a major challenge to economic development (Adeoye & Yusuf, 2023). This has been associated with SMEs' attitude towards finance practices, financial behavioral problem, financial knowledge, and poor financial planning, among others. This problem has recently worsened as a result of the high inflation rate, the exchange rate, and an increase in production costs, which has affected purchasing power.

The persistent rate of SMEs' failure does not only affect individual businesses but also the general economy. It also undermines industrialization and innovation, which hinder sustainable growth. Hence, SMEs' sustainability has been a major developmental issue because when these businesses fail, it affects investment opportunities, employment generation, and generally, economic growth. A key factor that affects SMEs' sustainability is the lack of financial literacy among SME owners, which affects their ability to access finance, manage financial risks, and make informed financial decisions. Financial literacy is described by Ibitomi et al. (2024) as the skills, knowledge, and competencies required to manage financial resources as well as to make informed financial decisions. It includes financial planning, working capital management, budgeting, debt management, and risk management, among others. It was found by Ibitomi et al. (2024) that SMEs' financially literate owners are generally more capable of maintaining accurate financial records, evaluating financing alternatives, managing cash flows, and making strategic decisions that enhance business performance and long-term survival. On the other hand, Bojuwon et al. (2023) revealed that financial literacy significantly influences the financial condition and general performance of small business owners, as it improves their confidence and capacity to utilize available financial opportunities effectively.

Existing studies have acknowledged the importance of financial literacy in business sustainability. For example, it was found by Babajide et al. (2023) that financial literacy and capabilities influence business practices among SMEs in Nigeria, while Imhanrenialena and Nwosu (2023) also revealed that financial literacy influences effective decision making as well as the general performance of SMEs. However, much of the research has either focused on developed economies or provided generic insights that do not account for the unique financial challenges faced by SMEs in Nigeria. Specifically, there is a gap in understanding how financial literacy influences SME sustainability within the Nigerian context, particularly in South West Nigeria, where small businesses play a vital role in economic activity. Prior research has often overlooked how financial literacy affects SMEs' ability to secure funding, implement risk management strategies, and make sound financial decisions within a volatile economic environment. This study seeks to address this gap by providing empirical evidence on the impact of financial literacy on SME sustainability, which will aid strategy development that would enhance financial capabilities and sustainable SMEs development by policymakers, financial institutions, development agencies, as well as SME owners.

SMEs are recognized globally as the engine of economic growth, as they enhance employment generation, economic growth, and reduce poverty. Hence, their sustainability remains a critical concern, especially in developing economies where financial constraints, weak institutional support, and limited managerial capacity hinder the long-term economic survival of businesses. In Nigeria, SMEs contribute significantly to employment, innovation, and economic diversification, yet they face a high failure rate, with many collapsing within the first five years of operation (Adeoye & Yusuf, 2023). This persistent challenge undermines industrialization efforts, wealth creation, and economic resilience. While financial literacy has been widely recognized as a key factor influencing SME sustainability, its actual impact remains inconclusive due to conflicting empirical evidence. Additionally, the evolving economic landscape characterized by inflationary pressures, exchange rate volatility, and stringent lending conditions has heightened the urgency of understanding how financial literacy affects SME sustainability, particularly in financially constrained and economically volatile environments.

As emphasized by SMEDAN (2021), many SMEs in Nigeria fail as a result of poor financial management practices, poor access to finance and poor economic conditions among others. Meanwhile, existing studies present mixed findings on the role of financial literacy in SME survival. Some scholars assert that financial literacy enhances access to finance, improves risk management, and facilitates informed financial decision-making, ultimately fostering business sustainability. Moreover, some researchers suggest that financial knowledge without practical application may not translate into tangible business benefits, particularly in economies with limited access to credit and high market uncertainties (Kulathunga et al., 2020).

Despite the growing body of literature on financial literacy and SME sustainability, several critical gaps remain. First, existing studies have largely focused on developed economies or generic SME environments, with limited attention to the unique financial constraints and institutional challenges in Nigeria. Second, previous studies usually conceptualize financial literacy with one, two, or a maximum of three constructs, ignoring some important variables like financial knowledge, behaviour, attitude, planning, and/or access and usage of financial services, which are jointly used in this study. Third, many studies have overlooked the practical implications of financial literacy, such as how different levels of financial knowledge translate into strategic business decisions in real-world SME operations.

This study seeks to bridge these gaps by providing empirical evidence on how SME sustainability is influenced by financial literacy in South West Nigeria. The findings will not only contribute to the academic literature but also inform policy interventions to improve financial education programs, enhance SME financing mechanisms, and strengthen institutional support for small businesses. By addressing these critical issues, the study provides actionable insights that would help SMEs navigate financial complexities, improve survival rates, and foster long-term economic growth.

Objectives of the study

The main objective of the study is to assess the effect of financial literacy on economic sustainability of SMEs in South West Nigeria. The specific objectives include:

1. Examine the effect financial knowledge and SME sustainability.
2. Analyse the effect of financial behaviour on SME sustainability.

3. Assess the effect of financial attitudes on SME sustainability.
4. Investigate the role of financial planning in SME sustainability.
5. Evaluate the impact of access to and usage of financial services on SME sustainability

2.0 Literature Review

Most especially in developing countries like Nigeria, SMEs play a critical role in economic growth and development. They significantly contribute to poverty eradication, employment generation, wealth creation, and industrialisation. Though their sustainability remains threatened despite their contribution to the nation, which is attributed to low level of financial literacy, lack of adequate financial management skills, and poor access to finance, among others. However, economic sustainability is described as the ability of a firm to maintain its operations, profitability, growth, and competitiveness over time while managing its available resources effectively. Economic sustainability is achieved by SMEs as a result of an effective utilisation of financial management skills, efficient allocation of resources, and resilience to economic uncertainties.

On the other hand, financial literacy is the ability to understand and effectively apply financial knowledge and skills in managing financial resources. It encompasses several dimensions, including financial knowledge, financial behaviour, financial attitude, financial planning, as well as access to and usage of financial services (Ekayani et al., 2024; Molina-García et al., 2025; Wijijayanti et. al., 2025).

Financial knowledge refers to an individual's understanding of finance principles while financial behaviour describes how individuals make decision about finance principles and practices like borrowing, investment and budgeting among others. Financial attitude on the other hand, describe how an individual or business react to financial issues and investment decision as mentioned by Kurniasari et al. (2025). However, financial planning involves how financial goals and financial strategies are developed, while access to and usage of financial services refers to the availability and utilization of formal financial products and services.

For SMEs, financial literacy is crucial because it influences financial decision-making, financial planning, budgeting, risk management, debt management, working capital management, and investment decisions (Masdupi et al., 2024; Sam-Abugu et al., 2025). These capabilities are essential for ensuring business sustainability in the long run. Moreover, initiatives aimed at improving financial literacy have been linked to positive business outcomes. For example, Tech Herfrica, a non-governmental organization established in 2023, promotes digital and financial inclusion among women and girls in rural African communities, including Nigeria, through financial literacy training, access to e-commerce platforms, and market information services. Such initiatives have enhanced financial management capabilities and sustainability among women-owned businesses.

Empirical Review

Oseifuah (2020) investigated financial literacy levels among SME owners in Nigeria and the study discovered that a better financial decision and business sustainability is enhanced by financial literacy. Similarly, Eniola and Entebang (2021) reported that financial literacy enhances

SMEs' ability to access finance and manage resources effectively, thereby improving business sustainability. Babajide et al. (2023) argued that financially literate SME owners are more likely to adopt sustainable business practices. Likewise, Imhanrenialena and Nwosu (2023) found that financial literacy enhances business sustainability by improving effective decision-making. These findings suggest that financial literacy contributes significantly to long-term business success.

Research has also emphasized the role of financial literacy in improving access to finance. Financially literate entrepreneurs are better equipped to prepare financial statements, cash-flow projections, business plans, and compliance records required by financial institutions before granting credit facilities. Morgan and Long (2020) observed that financial literacy improves financial inclusion by increasing business owners' understanding of financial products and reducing information asymmetry between borrowers and lenders. Consequently, financially literate business owners are more likely to obtain access to financial services that support business sustainability.

In addition, financial literacy has been linked to improved financial behaviour and financial management practices. Ibitomi et al. (2024) revealed that financial literacy positively affects SME performance in Nigeria through better budgeting practices, financial planning, and efficient resource utilization. Similarly, Bojuwon et al. (2023) found that financial literacy strengthens business performance through improved financial management behaviour, particularly among SMEs operating in financially constrained environments.

Furthermore, Hasan and Hoque (2022) reported that entrepreneurs with higher financial literacy levels demonstrated greater business resilience during periods of economic uncertainty. The study highlighted that financial literacy improves the quality of business decisions, enhances access to finance, promotes sound financial management practices, and supports adaptation to market uncertainties, thereby improving sustainability outcomes.

Despite the growing evidence supporting the positive influence of financial literacy on SME performance and sustainability, empirical findings remain mixed. Kulathunga et al. (2020) argued that financial literacy alone cannot guarantee business sustainability, as other factors such as access to finance, institutional support, and market conditions also play significant roles. Similarly, Adomako et al. (2021) maintained that the relationship between financial literacy and business performance depends on contextual factors that either facilitate or constrain the effective application of financial knowledge and skills. These findings imply that financial literacy may operate in conjunction with other determinants of business sustainability rather than independently.

The literature therefore, suggests that financial literacy enhances SMEs' sustainability through improved financial management practices, cash-flow management, budgeting, financial planning, risk management, and financial inclusion. However, existing studies present diverse findings, and limited empirical attention has been given to the economic sustainability of SMEs in South West Nigeria. This study therefore seeks to address this gap by examining the impact of financial literacy dimensions on the economic sustainability of SMEs in the region.

Theoretical Review

The study is underpinned by the Human Capital Theory. The theory posits that knowledge, skills, competencies, and abilities acquired through education, training, and experience constitute valuable forms of capital that enhance individual productivity and performance. Within the context of SMEs, financial literacy represents a critical component of human capital because it equips business owners with the knowledge and skills necessary for effective financial decision-making (Hamzah, 2025).

Human Capital Theory suggests that entrepreneurs who possess higher levels of financial knowledge are more capable of managing business resources efficiently, making informed investment decisions, planning for future growth, managing risks, and utilizing financial services effectively. These competencies improve business performance and enhance long-term sustainability (Rekha et al., 2025). The theory therefore provides a strong foundation for explaining how financial knowledge, financial behaviour, financial attitude, financial planning, and access to and usage of financial services contribute to the economic sustainability of SMEs. The relevance of Human Capital Theory to this study lies in its emphasis on knowledge and skills as strategic resources that improve organizational outcomes. Since financial literacy represents a form of entrepreneurial human capital, the theory supports the argument that improvements in financial literacy dimensions can strengthen SMEs' capacity to survive, grow, and remain economically sustainable over time.

3.0 Methodology

The study focuses on Small and Medium Enterprises (SMEs) in South West Nigeria, a region with high entrepreneurial activity but significant financial constraints. The research covers six strategic cities across the six states in the region, selected due to their high density of registered SMEs and their role as commercial hubs. These cities include: Ado Ekiti, Ikeja, Ota, Akure, Osogbo, and Ibadan.Survey design through primary data collection method was adopted. This involved administering structured questionnaires to SME owners and managers across the selected states. The questionnaire was designed to assess financial literacy (knowledge, behavior, attitudes, and planning) and its impact on SME sustainability.The target population, as revealed from the SMEDAN/NBS Survey report, is 277,180, and a sample size of 384 SMEs for that population was determined using Krejcie and Morgan's (1970) sample size model. The sample was proportionally allocated to each state based on the total number of registered SMEs to ensure representativeness. The study employed a proportionate random sampling technique, as revealed in Table 1, to select participants, ensuring fair coverage of various SME sectors in the region. The study was analyzed using multiple regression with the aid of SPSS.

Table 1:
Number of SMEs

States	Number of SMEs (Target Population)	Sample size
Ekiti	31,334	43
Lagos	91,079	126
Ogun	43,217	60
Ondo	28,347	39
Osun	33,679	47
Oyo	49,506	69

Total	277,180	384

Source: SMEDAN/NBS Survey (2021).

4.0 Results and Discussion of Findings

Rate of Respondents

Table 2 revealed that three hundred and fifty-three (353) out of the three hundred and eighty-four (384) questionnaires were correctly filled, returned, and used for the analysis. This showed a response rate of 91.9%, which is adequate for the analysis.

Table 2:

Response Rate

Retrieved	353	91.9%
Not-Retrieved	31	8.1%
Total	384	100.0

Source: Extracted from SPSS Output (2026**).**

Demographic Analyses

The descriptive statistics as shown in Table 3 and Figure 1, showed that Lagos State has 33.4% of the respondents, which makes it the state with the highest number of enterprises. Oyo State covers 17.8%, making it the state with the second highest number of enterprises. This was followed by Ogun State and Osun State, covering 15.3% and 12.2 % respectively, while Ekiti and Ondo States had the least number of respondents with 11% and 10.2% respectively. The result, therefore, revealed that Lagos State is the economic and commercial hub of the South-West, Nigeria. Relating to the nature of business, Service-delivery firms accounted for 28.9% of the respondents, followed by Agricultural businesses with 23.5%. The third and fourth largest business nature are ICT and Trading, representing 21.8% and 18.4% respectively, while the least, which is manufacturing, takes 7.4%. This indicates that the economy is largely dominated by service, agriculture, and ICT activities, while the region gives little attention to manufacturing, which is critical to industrialisation. It was also revealed that most of the SMEs had been in operation for 16 to 20 years, accounting for 33.4% of the respondents, while 28.9% of the firms had been in operation for 11 to 15 years. 21% of the SMEs have been in operation for more than 20 years, while 12.2% of the respondents have been in existence for not less than 10 years. However, only 4.2% are in operation for less than 5 years. The results indicated that most respondents are well-experienced and suitable for the study. On the distribution of the number of employees, the study revealed that the sample is dominated by small enterprises, which covers 71.4% of the respondents, while the remaining 28.6% are medium enterprises. This therefore indicated predominance of small enterprises in the study region.

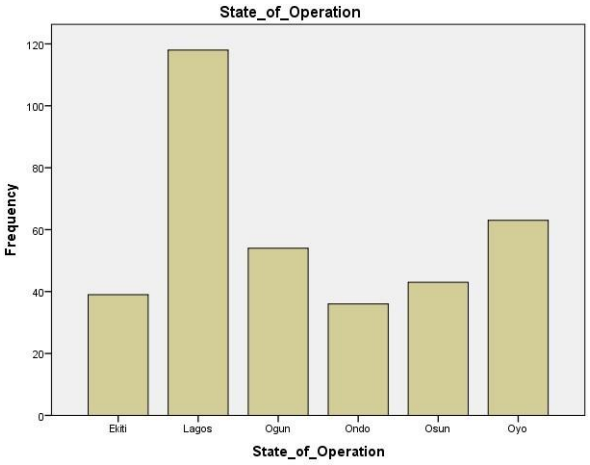
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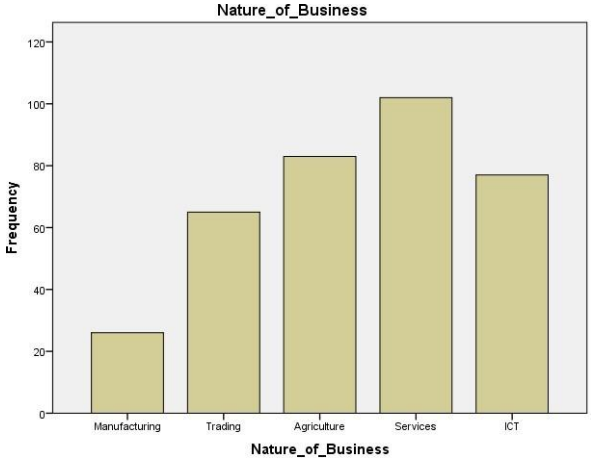
Demographic Statistics

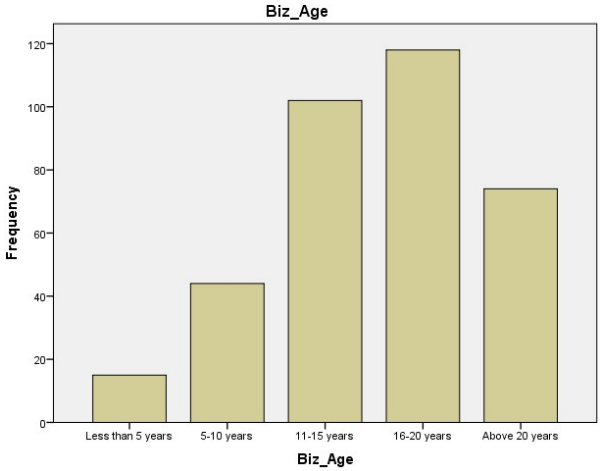
Items	Frequency	Percentage
State of Operations: Ekiti	39	11
Lagos	118	33.4
Ogun	54	15.3
Ondo	36	10.2
Osun	43	12.2
Oyo	63	17.8

Nature of Business:	Manufacturing	26	7.4
	Trading	65	18.4
	Agriculture	83	23.5
	Services	102	28.9
	ICT	77	21.8
Business Age:	Less than 5 years	15	4.2
	5-10 years	44	12.2
	11-15 years	102	28.9
	16-20 years	118	33.4
	Above 20 years	74	21.0
No. of Employees:	10-49 (Small Enterprises)	252	71.4
	50-199 (Medium Enterprises)	101	28.6

Source: Extracted from SPSS Output (2026)







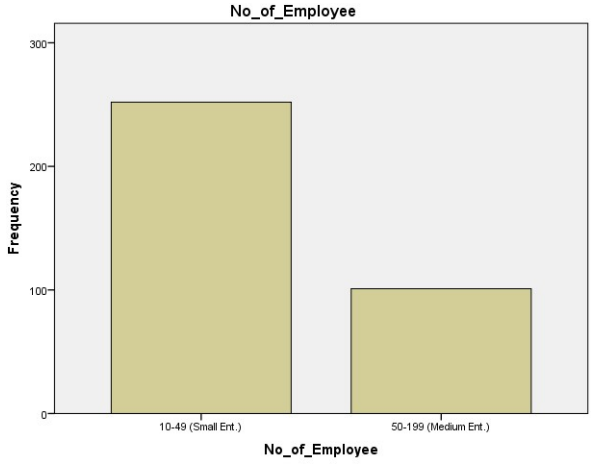


Figure 1: Demographic Statistics
Source: Extracted from SPSS Output (2026)

Preliminary Tests

Normality tests were conducted using the histogram with normal curve technique, as well as the normal P-P Plot method. As revealed in Figure 2, the regression standard residual showed that the majority of the responses are within the bean-shape, which indicated that the data used is normal, while Figure 3 also indicated that the responses are normal using the normal P-P plot method. A test of reliability was also conducted for each of the variables, and as shown in Table 4, Financial Knowledge (FK), Financial Behaviour (FB), Financial Attitude (FA) and Access and Usage (ACU) have Cronbach's Alpha values of 0.815, 0.737, 0.846, and 0.860 respectively; while Financial Planning (FP) and SMEs Economic Sustainability (SES) have Cronbach's Alpha values of 0.874 and 0.881 respectively. The results, therefore, indicated that the data is suitable for regression analysis

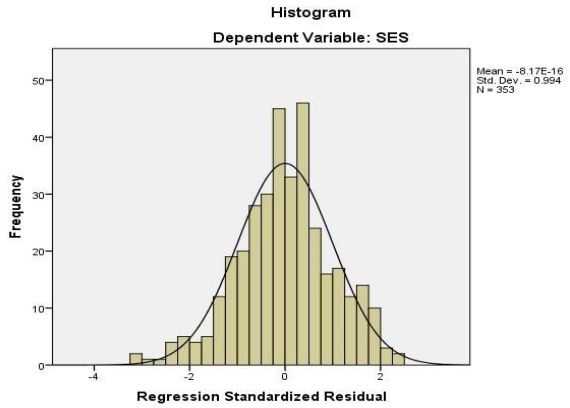


Figure 2: Histogram with normal curve

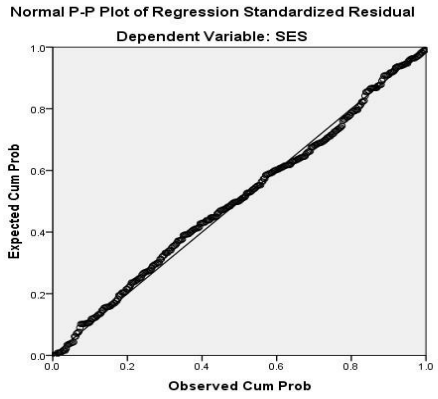


Figure 3: Normal P-P Plot

Source: Extracted from SPSS Output (2026)

Table 4:
Reliability Test

Variables	No. of Items	Cronbach's Alpha
Financial Knowledge	5	0.815
Financial Behaviour	5	0.846
Financial Attitude	4	0.860
Financial Planning	5	0.874
SMEs Economic Sustainability	6	0.881

Source: Extracted from SPSS Output (2026).

Tests of validity were also conducted using exploratory factor analysis, which comprises Bartlett's Test of Sphericity, Keiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy, Anti-Image correlation, communalities, percentage of Total Variance Explained, and Factor Loading. The results for all the variables showed that all the items for each of the variables are correlated

with values between 0.539 and 0.867, and are significant at P<0.05. The result is therefore acceptable as they are all above ± 0.3. The results of the Keiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy for all the variables range between 0.819 and 0.905, which is also acceptable, as all the variables have a significant value for Bartlett's Test of Sphericity. The anti-image correlation result for all the items of the variables ranges between 0.808[a] and 0.905[a], which indicates that the data is robust for further analysis, as the values are above 0.50. The result of between 0.613 and 0.879 for communalities also indicates that all the items are valid to measure the same construct, while the percentage of Total Variance Explained, which ranges between 70.589% and 84.756% showed that the items in each of the variables are well captured. Finally, the results of factor loading as revealed in Table 5, range between 0.630 and 0.910, and the higher the loadings, the better the construct. Hence, considering all the results using factor analysis, the data is considered valid for further analysis.

Table 5:
Factor Loadings

Items	Loadings					
	FK	FB	FA	FP	ACU	SES
FK2	0.813					
FK3	0.811					
FK4	0.898					
FK5	0.865					
FK6	0.630					
FB1		0.807				
FB2		0.826				
FB3		0.889				
FB4		0.871				
FB5		0.892				
FA1			0.865			
FA4			0.787			
FA5			0.844			
FA6			0.862			
FP2				0.889		
FP3				0.903		
FP4				0.923		
FP5				0.856		
FP6				0.827		
ACU1					0.792	
ACU2					0.834	
ACU3					0.828	
ACU4					0.769	
ACU6					0.807	

SES2						0.830
SES3						0.841
SES4						0.892
SES5						0.838
SES6						0.834
SES7						0.910

Source: Extracted from SPSS Output (2026)

A test of multicollinearity was also conducted to detect if there are correlations among the independent variables. This was done using the Tolerance level and Variance Inflation Factor (VIF), and the result, as shown in Table 6, indicated that the tolerance value for each of construct range between 0.882 and 0.982, which are all greater than 0.2, and the VIF values for all the constructs are les than 5.0. Hence, the results indicated that there is no multicollinearity, and the model is suitable for regression analysis.

Table 6:
Test of Multicollinearity

Variables	Tolerance	VIF
Financial Knowledge	0.866	1.154
Financial Behaviour	0.982	1.018
Financial Attitude	0.941	1.062
Financial Planning	0.882	1.133
Access and Usage	0.756	1.323

Source: Extracted from SPSS Output (2026).

Hypotheses Testing

The study examined the impact of financial literacy on economic sustainability of SMEs in South-West, Nigeria, and the result of multiple regression analysis was presented in Table 7. The result showed that all the independent variables (financial attitude, financial knowledge, financial planning, financial behaviour, and access and usage) have a significant impact on economic sustainability of SMEs, as the significant values of each of the variables are less than 0.05.

Financial behaviour was discovered to be positive and significant to economic sustainability of SMEs with a β value of 0.495 and a P-value of 0.000. This makes financial behaviour the most impactful variable that determines SMEs' economic sustainability, and the result indicates that business owners who consistently engage in financial habits such as separating firms' funds from personal funds, tracking expenses, budgeting, financial risk management, and debt management, among others, have the potential for better economic sustainability. Financial planning has a β value of 0.376 and a P-value of 0.000, which makes it the second most important factor that determines economic sustainability of SMEs. This indicates that setting financial goals and plan significantly impact sustainability.

The third most significant variable is access and usage of financial services, and has a β value of 0.291 and a P-value of 0.000. This implies that access and utilisation of financial products and services influence a firm's financial management, which enhances sustainability. Financial Knowledge ($\beta = 0.224$, $p = 0.001$) was also found to be positive and significant to SMEs'

economic sustainability, which translates that businesses that are managed by people with financial knowledge are better positioned to make an effective financial decision that will enhance SMEs' economic sustainability. Lastly, financial attitude though has the least contribution, but it's also positive and significant to SMEs' economic sustainability with a β value of 0.118 and a P-value of 0.014. This indicated that mindset about finances also influence businesses, though not as important as behaviour, access and usage, knowledge and planning. The combined effect was explained by the model, and the result ($R^2 = 0.663$) shows that 66.3% of the variation of economic sustainability of SMEs is explained by financial literacy measured by financial behaviour, financial planning, access and usage, financial knowledge, and financial attitude. Hence, it was concluded that financial literacy (financial behaviour, financial planning, access and usage, financial knowledge, and financial attitude) has a positive and significant impact on economic sustainability of SMEs.

Table 7:
Multiple Regression Result

Variables	Unstd. B	S.E	Std. B (β)	t-value	Sig.	Decision (H_o)
(Constant)	1.173	0.203	-	5.778	0.000	
Financial Attitude	0.102	0.041	0.118	2.488	0.014	Rejected
Financial Knowledge	0.187	0.053	0.224	3.528	0.001	Rejected
Access and Usage	0.241	0.056	0.291	4.304	0.000	Rejected
Financial Planning	0.302	0.059	0.376	5.119	0.000	Rejected
Financial Behaviour	0.418	0.064	0.495	6.531	0.000	Rejected
R	0.814					
R^2	0.663					
Adj R^2	0.658					
Sig.	0.000					
F-Value	137.842					

Source: Extracted from SPSS Output (2026).

Discussion of Findings

The study examined the impact of financial literacy on economic sustainability of SMEs and the multiple regression result showed that all the variables (financial attitude, financial knowledge, financial behaviour, financial planning, and access and usage of financial services) are positive and significant to SMEs' economic sustainability with an R^2 value of 0.663, which explains that all the measurements of financial literacy jointly explain 66.3% of the variation of economic sustainability of SMEs and the F-value of 137.842 and P-value of 0.000 confirms the overall significance and robustness of the model.

Financial behaviour has the highest contribution ($\beta = 0.495$, $p < 0.001$), which indicates that taking financial management actions like saving, risk management and budgeting, among others, have the greatest impact on SMEs' economic sustainability. This was in line with the study of Sabri et al. (2022) who found that financial management practices have great significance on firms' financial performance and was also supported by the study of Rahman at al. (2023). The positive and significant impact of financial planning ($\beta = 0.376$, $p < 0.001$) on SMEs' economic sustainability implies that businesses that effectively budget and plan their financial goals, among others, are more likely to achieve better sustainability. This is also in line with the study

of Rahman et al. (2023) and Sabri et al. (2022), whose study results discovered that structured financial planning is paramount for sustainability.

The study also found that access and usage of financial products and services ($\beta = 0.291$, $p < 0.001$) have a positive and significant impact on economic sustainability of SMEs. This implies that an active integration of financial services into other financial literacy variables plays a significant role on sustainability. This aligns with the study of Ozili (2023) and Morgan and Long (2021) whose study revealed that access and usage of financial services enhance financial resilience, which improves sustainability.

The impact of financial knowledge is also positive and significant on SMEs' economic sustainability ($\beta = 0.224$, $p = 0.001$), which means that understanding the financial functions matters a lot in enhancing the sustainability of business. This was supported by Morgan and Long (2021) as they also discovered that financial knowledge improves savings, which enhances growth and sustainability. Kadoya et al. (2024) also concluded that financial knowledge is an important factor in achieving sustainability.

Lastly, financial attitude with a coefficient of 0.118 and p-value of 0.014 is though the weakest, but still has a positive and significant effect on SMEs' economic sustainability. This implies that an internal psychological stance, risk tolerance, savings mindset, among others, significantly affect SMEs' economic sustainability, though not as strong as financial knowledge, financial behaviour, financial planning, and access and usage of financial services. This was supported by the study of Aboagye and Jung (2022), who discovered that financial attitude influences financial behaviour and leads to sustainability, while Kadoya et al. (2024) also describe the importance of a positive financial attitude in achieving financial behaviour to enhance business success and sustainability.

5.0 Conclusion and Recommendations

The study examined the impact of financial literacy on the economic sustainability of SMEs. The multiple regression result found that all the variables (financial attitude, financial knowledge, financial behaviour, financial planning, and access and usage of financial services) jointly have a positive and significant impact on economic sustainability of SMEs, which confirms that financial literacy is dynamic and multidimensional. So, success is linked to the combination of all the factors. Though the impact of the variables differs as financial behaviour was found to be the most significant, followed by financial planning, access and usage of financial products and services, financial knowledge, and the least is financial attitude. This implies that having financial knowledge is not enough, but rather utilising it through appropriate action and plan with a better financial mindset.

The combined model indicated R^2 value of 0.663, which means that all constructs that measured financial literacy jointly explained 66.3% of the variation in economic sustainability of SMEs. Therefore, the study concluded that financial literacy, measured by financial attitude, financial knowledge, financial behaviour, financial planning, and access and usage of financial services, jointly has a positive and significant impact on economic sustainability of SMEs. Based on the findings, the following recommendations are therefore made to enhance economic sustainability of SMEs:

1. SME owners should improve on financial activities such as record keeping, budgeting, and savings, among others, to enhance sustainability
2. SME owners should engage in deliberate financial planning, such as an expansion strategy and re-investment strategy.
3. Utilisation of financial services should be prioritised
4. Financial knowledge on proper record keeping, cash flow management, pricing, working capital management, financial risk management, tax management, and compliance, among others, should be given priority
5. Positive financial mindset that enhances savings, re-investment and growth should be built

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