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The impact of microfinance on the development of Vietnamese small enterprises

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Abstract

In developing countries, microfinance has affirmed its role as an important tool to promote the development of small businesses, helping them overcome initial financial difficulties by providing small loans with easy conditions, thereby creating opportunities for small businesses to develop production and operations. In general, microfinance not only provides capital (finance) but also enhances the capacity of small businesses through consulting, training, and technical support services (non-financial). In this study, the author focuses on analyzing the role of microfinance in promoting small business development through financial and non-financial support. The research model is built with 3 scales: Small Business Development; Financial Services; Non-Financial Services. The author conducted a survey in 3 provinces representing three regions of Vietnam, including Bac Ninh province (North), Quang Nam province (Central), and Binh Duong province (South). The survey subjects are small business managers, with a sample size of N = 240 people. The research results continue to confirm the role of microfinance in promoting small business development through financial and non-financial support measures; microfinance promotes small business development but tends to provide more financial support. Non-financial support is more limited, while non-financial support has an impact on long-term development, realizing the long-term goals of small businesses. From the results of this research, the author discusses policy solutions to further promote the role of microfinance in helping small businesses receive both financial and non-financial support to achieve sustainable development goals.

Keywords: Developing small enterprises, Financial services, Microfinance, Non-financial services, Vietnam.

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1. Introduction

Vietnam, with its rapid economic growth in the Asia-Pacific region, has achieved remarkable progress in economic development, especially thanks to the contributions of small businesses. Small businesses not only account for a large portion of the total number of enterprises but also make significant contributions to the production of goods, create jobs, and increase income for people, particularly those in low-income groups [1]. However, despite their substantial contributions to the economy, small businesses in Vietnam still face many challenges in the development process. Small businesses in Vietnam continue to have difficulty accessing capital from formal financial institutions due to high requirements for collateral and credit records [2].

In this context, microfinance has emerged as a useful solution, helping small businesses access capital more easily through small loans and simple procedures. In addition to providing financial resources, microfinance institutions also support non-financial services such as training, management consulting, and market connections, thereby helping businesses improve their capacity and develop sustainably [3]. According to the VMWG-Vietnam Microfinance Working Group [4], more than 60% of small businesses in Vietnam have successfully accessed microfinance services, contributing to improved operational efficiency and scalability. Although microfinance has proven to be important, its impact on the development of small businesses in Vietnam still needs to be studied further, especially in the context that small businesses in Vietnam still face many limitations in terms of capacity, development level, and scale.

The above reality is creating interest and attracting the author's attention. In the role of a researcher and lecturer in microfinance, the author conducts this study to provide insight into the impact of microfinance on the development of small businesses in Vietnam, thereby making recommendations for improving policies and supporting this sector.

2. Literature Review

2.1. Microfinance Promotes Small Business Development

Microfinance is a form of financial service delivery designed specifically to provide poor individuals and small businesses with inadequate access to financial services from formal providers such as traditional banks. According to ADB - Asian Development Bank [5], microfinance products include small loans, insurance, savings, and money transfers, with low collateral requirements, high flexibility, and easy accessibility. The main objective of microfinance is to promote economic development and reduce poverty by assisting those who do not have access to traditional financial services [3, 6].

In terms of historical development, microfinance was formed in the 17th century when group lending appeared in Ireland [7]. In the 19th century, F.W. Raiffeisen—a German—founded cooperative credit organization specializing in providing low-interest loans to groups living in rural areas [8]. These were the first forms of lending to the poor, laying the foundation for the development of modern microfinance in developing countries later, typically with the establishment of Grameen Bank in the 1970s in Bangladesh. This bank specializes in providing small loans without collateral, helping poor households have the opportunity to generate income and improve their lives [3]. Since then, microfinance has become an indispensable part of the economic development strategies of developing countries, especially for small businesses where the need for finance is huge but access to traditional sources of capital is limited [9].

Microfinance helps small businesses overcome initial financial difficulties by providing small loans with easy terms, thereby promoting production and business development. Morduch [9] argues that microfinance does not simply provide capital but also enhances the capacity of small businesses through consulting services, training, and technical assistance. Studies by Beck, et al. [10] and Gonzalez and Meyer [11] also show that this model has a positive impact on the growth of small businesses, reducing poverty and promoting sustainable economic development. Many studies show that microfinance helps small businesses grow rapidly by providing flexible and accessible capital. Businesses can use these loans to invest in equipment, improve production processes, or expand business scale, thereby increasing productivity and competitiveness. Beck, et al. [10] argued that small businesses in developing economies can use microfinance to boost production and growth, especially when they cannot access capital from commercial banks due to a lack of collateral or limited credit history.

Although microfinance plays an important role in supporting small business development, it is not without its challenges. Microloans often have higher interest rates than traditional bank loans, and reliance on small loans can lead to financial problems for businesses if not managed carefully [9]. However, with the development of financial instruments and support services, microfinance is increasingly becoming an important part of small business support strategies and sustainable development in the economy [12, 13].

In terms of management, microfinance has become an important tool in promoting the development of small enterprises, especially in developing economies. Microfinance not only helps small enterprises solve the problem of capital shortage but also provides support services such as training in financial management skills, technology transfer, and market connections, thereby helping these enterprises develop sustainably. Beck and Demirguc-Kunt [6] and Wright [13] emphasize that, in addition to providing credit capital, non-financial services also play an important role in enhancing the competitiveness and long-term development of small enterprises.

This study will focus on analyzing the role of financial and non-financial services of microfinance institutions in the development of small enterprises, clarifying the impact of these services on improving management capacity and expanding the production scale of small enterprises. Microfinance has become an important tool to promote the development of small enterprises, especially in developing economies. By providing financial and non-financial services, microfinance institutions not only help small enterprises solve the problem of capital shortages but also provide support services such as training in financial management skills, technology transfer, and market connections, thereby promoting sustainable development. Studies from Biggs and Shah [12]; Wright [13] Beck and Demirguc-Kunt [6]; and many other authors have pointed out that,

in addition to credit capital, non-financial services also play a decisive role in improving the competitiveness and long-term development ability of small enterprises.

2.2. Financial Services

Access to credit is a decisive factor for the survival and development of small enterprises, especially in an economic environment with many risks and fluctuations. Biggs and Shah [12] pointed out that small enterprises often have difficulty accessing capital from large commercial banks, due to a lack of collateral or no credit history. Microfinance with small loans and simple procedures has created opportunities for small enterprises to access this source of finance. Wright [13] also emphasized that small loans from microfinance institutions help enterprises easily maintain production activities and overcome financial difficulties. Beck and Demirguc-Kunt [6] also stated that these loans not only help enterprises stabilize their finances but also create opportunities to expand their business activities. This is especially important in developing economies where small businesses are unable to access loans from commercial banks due to a lack of credit records or collateral. Gonzalez and Meyer [11] also assert that microfinance has played an important role in reducing financial barriers and helping small businesses to sustain and grow.

While access to credit is an important factor, the size of the loans is also an indispensable factor. Beck, et al. [10] pointed out that small loans are a key factor in helping small businesses maintain production activities without facing too much financial pressure. Small credit loans also help to reduce risks for businesses and make it easier for them to manage the loans while ensuring that these loans can be repaid without causing great hardship. Biggs and Shah [12] emphasized that, although small loans are not enough to help small businesses expand rapidly, they are important in helping businesses survive and maintain basic operations. Small credit loans also help businesses access quick and flexible sources of capital, creating opportunities for investment and maintaining effective operations. Although the size of credit loans is small, they have a long-term impact on the sustainable development of businesses.

Another important factor is the credit loan procedure in microfinance. Wright [13] pointed out that microfinance institutions have reduced complicated administrative procedures, helping small businesses access capital more quickly and conveniently than large financial institutions. Beck and Demirguc-Kunt [6] also agreed with this view and said that simple and transparent loan procedures help small businesses get loans easily without having to worry about the lack of complicated paperwork. Simple credit loan procedures not only save time but also help businesses maintain stability in production and business activities.

2.3. Non-Financial Services

In addition to financial services, microfinance also provides very important non-financial services, especially in technology transfer and improving production capacity. Biggs and Shah [12] stated that the provision of technology support services helps small businesses improve production processes, and increase productivity and product quality. ADB-Asian Development Bank [14] also emphasized that the application of advanced technology helps small businesses save costs and improve their competitiveness in the market. This is especially important in areas that require continuous innovation and creativity in products and production processes. ILO-International Labour Organization [15] pointed out that, through training programs and technology support, microfinance helps small businesses improve production techniques, thereby increasing product value and expanding markets.

Financial management skills are one of the important factors that help small businesses maintain stability and sustainable development. Biggs and Shah [12] stated that, in addition to providing credit capital, microfinance institutions also provide training programs to help small businesses understand how to manage financial resources effectively. Gonzalez and Meyer [11] also emphasized that training in financial management skills not only helps small businesses improve their ability to manage costs but also helps them identify and manage financial risks effectively. Liaw and Tann [16] stated that training in financial management helps small businesses make long-term financial plans, optimize capital use, and enhance their financial capacity.

An important element of microfinance is to support market linkages for small businesses. Amin, et al. [17] pointed out that microfinance institutions not only provide capital but also help SMEs connect with potential trading partners and customers. Robinson [18] argued that microfinance can help small businesses increase their access to markets, thereby creating opportunities for growth and expansion. Morduch [9] also agreed with this view, arguing that microfinance has created an important bridge between small businesses and larger markets, helping them to develop sustainably and increase their revenue.

Networking and collaboration among small businesses are important factors in developing and maintaining competitiveness. Biggs and Shah [12] argue that through collaborative programs, small businesses can share experiences, resources, and techniques, helping each other overcome difficulties and develop sustainably. Gonzalez and Meyer [11] emphasize that connecting small businesses with industry partners can create opportunities to expand markets and increase profits. Nguyen and Tran [19] also point out that small businesses can take advantage of collaborative relationships to reduce costs, improve product quality, and grow stronger.

Access to credit is a decisive factor for small businesses to maintain and develop. Biggs and Shah [12] pointed out that small loans help small businesses maintain operations and expand production scale. Wright [13] also said that microfinance has provided an important opportunity to help small businesses proactively seek capital to develop and expand production. Small businesses need to grasp the market, proactively link, and apply new techniques to develop. Biggs and Shah [12]; Wright [13] and ILO-International Labour Organization [15] pointed out that non-financial support services such as management skills training and technology transfer are important factors to help small businesses develop sustainably. Gonzalez and Meyer [11]

said that applying new technology and improving management skills are key factors in helping small businesses grow and compete in the market.

Finally, microfinance helps small businesses create jobs and stabilize income for workers. ADB-Asian Development Bank [20] argues that small businesses can create jobs, thereby helping to develop the local economy and reduce poverty. Pham and Le [21] and Truong and Tran [22] argue that microfinance not only helps small businesses grow but also creates stable income for workers and contributes to the sustainable development of the economy.

The synthesis of the content of the studies of the above authors has shown that microfinance, through the provision of financial services and non-financial services, has an impact on the development of small enterprises. Financial services contribute to supporting enterprises and increasing production resources; however, to effectively promote these resources, non-financial support activities are very necessary. In the conditions of Vietnam, based on the above theoretical foundations, the author continues to study the impact of microfinance on the development of small enterprises and is based on the hypotheses: *Financial intermediary services (H1) and Non-financial services (H2) have a positive impact on the development of small enterprises.*

Table 1.
Theoretical framework.

Scales	Related research	Content of inheritance and development of research scales
I. Financial services (FS)		
Access to credit loans	Biggs and Shah [12]; Wright [13]; Gonzalez and Meyer [11] and Beck and Demirguc-Kunt [6]	**FS1.** Small enterprises have equal access to credit loans for production and business.
Credit loan scale	Beck, et al. [10]; Wright [13], and Biggs and Shah [12]	**FS2.** Small enterprises are supported with credit loans that suit their needs and are based on their production and business scale.
Credit loan procedures	Wright [13] and Beck and Demirguc-Kunt [6]	**FS3.** Small enterprises are guided and supported with convenient and transparent credit loan procedures.
II. Non-financial services (NS)		
Engineering, technology	Biggs and Shah [12]; ADB-Asian Development Bank [14]; ILO-International Labour Organization [15]	**NS1.** Small enterprises are supported with technical and technological training to improve production and management capacity when participating in the credit loan program.
Financial management skills	Biggs and Shah [12]; Gonzalez and Meyer [11] and Liaw and Tann [16]	**NS2.** Small enterprises are supported with training to improve their capacity to effectively manage and use loans when participating in credit loan programs.
Market connection	Amin, et al. [17]; Robinson [18]; Morduch [9], and Pham and Le [21]	**NS3.** Small enterprises are supported in connecting to product consumption markets when participating in credit loan programs, creating opportunities for profit development.
Cooperation, business connection.	Biggs and Shah [12]; ILO-International Labour Organization [15]; Gonzalez and Meyer [11] and Nguyen and Tran [19]	**NS4.** Small enterprises are supported to promote cooperation and connection activities and participate in production and supply chains when engaging in credit loan programs.
III. Developing small enterprises (DSE)		
Proactive capital for development	Biggs and Shah [12]; Wright [13] and Nguyen and Tran [19]	**DSE1.** Microcredit contributes to supporting financial shortages, creating conditions for small businesses to develop production and business.
Grasp the market, and proactively connect, technical, management to develop	Biggs and Shah [12]; Wright [13]; ILO-International Labour Organization [15] and Gonzalez and Meyer [11]	**DSE2.** Microcredit helps small businesses increase access to technology, management, markets, and connections to develop production and business.
Proactive resources, employment and stable income development	ADB-Asian Development Bank [20]; Pham and Le [21] and Truong and Tran [22]	**DSE3.** Microcredit helps small businesses secure resources and expand markets, thereby creating more jobs, increasing income, and stabilizing development.

With the research overview, the author has built a theoretical framework to study the impact of microfinance on small business development. The model includes 3 scales with a total of 10 observed variables, shown in Figure 1.

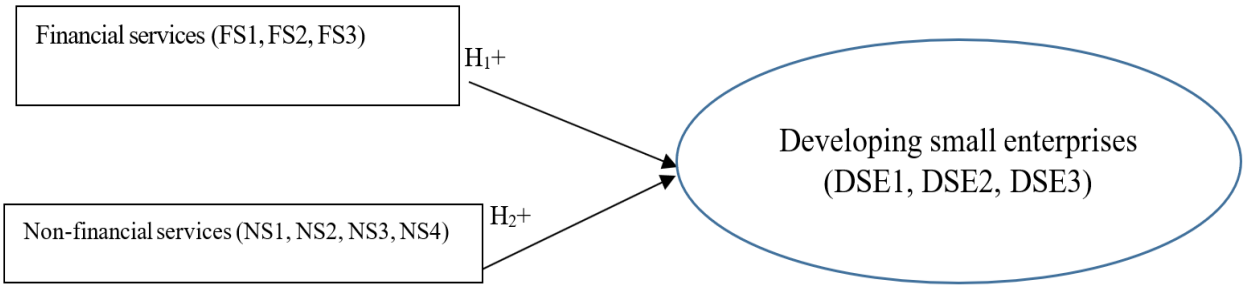

Figure 1.
Research model.

From the research model built with 3 scales and 10 observed variables (Table 1, Figure 1), the author designed a survey form with 10 questions based on these 10 observed variables, measured using a 5-level Likert scale: 1 - Strongly disagree; 2 - Disagree; 3 - No opinion; 4 - Agree; 5 - Strongly agree. The survey was conducted according to scientific procedures and methods, as explained below.

3. Research Methods

In this study, the author uses qualitative and quantitative methods. Qualitative research methods are implemented through collecting and analyzing secondary data to build a theoretical framework. Quantitative research methods are implemented bys collecting and analyzing primary data using survey forms to verify the theoretical research model. The survey is conducted in two steps: a preliminary survey and an official survey.

- Preliminary survey: The theoretical framework for the study was built with three scales and ten observed variables. According to Hair, et al. [23], the minimum sample size required for factor analysis and regression analysis for a three-scale, ten-observed variable model is N = 10*5 = 50. First, the author conducted a preliminary survey with a sample size of N = 80 small business managers in Bac Ninh province (N > 50). The results of the preliminary survey in Bac Ninh province showed that the scales and observed variables were reliable enough to be used in a larger official survey.

- Official survey: From the results of the preliminary survey that were reliable, the author conducted an official survey in three provinces representing three regions of Vietnam, including Bac Ninh Province (North), Quang Nam Province (Central), and Binh Duong Province (South). The sample size of the survey was N = 240 small business managers (N > 50), ensuring reliability when conducting the survey research. The survey was conducted selectively; respondents were small business managers who had received microfinance support to develop production and business in the past five years. The author conducted preliminary interviews to capture information about the standards of the respondents and distributed survey forms based on their consent to answer. The survey results collected 240/240 valid forms, achieving a response rate of 100%.

4. Research Results

From the collected survey results, the author tested the reliability of the scales and observed variables in the research model. The test results showed that all 3 scales and 10 observed variables were reliable when meeting the standard conditions: Cronbach's alpha > 0.6; Corrected Item-Total Correlation > 0.3 [23] shown in Table 2.

Table 2.
Statistical results and testing results of the scale

Scales	Observed variables	N	Min.	Max.	Mean	Std. Deviation	Cronbach ' Alpha	Corrected Item-Total Correlation
1. Financial Services (FS)	FS1	240	2	5	4.25	0.562	0.758	FS1 = 0.607
	FS2	240	2	5	4.22	0.549		FS2 = 0.588
	FS3	240	2	5	4.16	0.554		FS3 = 0.601
2. Non-Financial Services (NS)	NS1	240	2	5	4.02	0.5994	0.679	NS1 = 0.452
	NS2	240	2	5	3.96	0.603		NS2 = 0.488
	NS3	240	1	5	3.97	0.639		NS3 = 0.375
	NS4	240	1	5	3.89	0.662		NS4 = 0.361
3. Developing Small Enterprises (DSE)	DSE1	240	2	5	4.10	0.576	0.693	DSE1 = 0.465
	DSE2	240	2	5	3.98	0.601		DSE2 =0 .332
	DSE3	240	2	5	4.02	0.585		DSE3 = 0.387
Valid N (listwise)		240						

Data in Table 2 shows that observations on the scale of "Financial Services" (FS), "Non-Financial Services" (NS), and "Developing Small Enterprises" (DSE) are all rated at an average level of Mean > 3.96, statistically significant according to the Likert scale (1-5) determined. Small business managers affirm the role of microfinance in supporting financial shortages, creating conditions for small businesses to develop production and business; helping small businesses increase access to

technology, management, markets, and connections to develop production and business; and helping small businesses secure resources and expand markets, thereby creating more jobs, increasing income, and stabilizing development.

Among the above scales, the observed variables of the scale "Non-financial services" (NS) were assessed at the lowest level with Mean (NS1) = 4.02, Mean (NS2) = 3.96, Mean (NS3) = 3.97, Mean (NS4) = 3.89, showing that small business managers consider financial support from microfinance institutions to be more important than non-financial support. In fact, financial support often meets the wishes and desires of small businesses in the short term and has immediate support value, allowing small businesses to have financial resources to invest in production and business. However, each small business needs to develop long-term plans and goals. In addition to financial support, small businesses also need other non-financial aspects, such as technique, technology, management capacity, market connection, etc. This is also an issue that managers need to pay attention to in order to develop sustainable microfinance.

Based on the reliable scales and observed variables, the author conducted an exploratory factor analysis to verify the theoretical model of the study. The exploratory factor analysis with Varimax rotation was performed to preliminarily assess the unidimensionality, convergent validity, and discriminant validity of the scales to provide a stronger basis for drawing research conclusions about the suitability of the initial theoretical model. The results of the exploratory factor analysis are shown in Table 3 and Table 4.

Table 3.
Total Variance Explained.

KMO and Bartlett's test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.808
Bartlett's test of sphericity	Approx. Chi-Square	2683.510
	df	78
	Sig.	0.000

Total variance explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% Of Variance	Cumulative %	Total	% Of Variance	Cumulative %	Total	% Of Variance	Cumulative %
1	5.383	41.405	41.405	5.383	41.405	41.405	4.038	31.059	31.059
2	3.030	23.309	64.714	3.030	23.309	64.714	3.133	24.101	55.160
3	1.482	11.400	76.114	1.482	11.400	76.114	2.724	20.954	76.114
4	0.918	7.061	83.175						
…	…	…	…						
10	0.061	0.467	100.000						

Note: Extraction Method: Principal Component Analysis.

Table 4.
Rotated Component Matrix.

Rotated Component Matrix[a]				
Scales	**Observed variables**	**Component**		
		1	**2**	**3**
1. Financial Services (FS)	FS1	0.811		
	FS2	0.776		
	FS3	0.785		
2. Non-financial services (NS)	NS1		0.792	
	NS2		0.763	
	NS3		0.734	
	NS4			
3. Developing Small Enterprises (DSE)	DSE1			0.778
	DSE2			0.825
	DSE3			0.786

Note: Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

In quantitative research, according to Hair, et al. [23], exploratory factor analysis is performed in accordance with the data set through the following values: $0.5 \leq KMO \leq 1$; Bartlett's test has an observed significance level Sig. < 0.05; Eigenvalue ≥ 1; Total Variance Explained $\geq 50\%$; Factor Loading ≥ 0.5.

The survey results in Table 3 and Table 4 show that: Exploratory factor analysis confirms the suitability of the data set with the initial research model, as shown through the KMO coefficient = 0.808 > 0.5; the observed variables have a linear correlation with the representative factor, as indicated by Bartlett's Test with the observed significance level Sig. = 0.000 < 0.05; the observed variables explain 76.114% of the variation of the representative factors, as shown through Total Variance Explained with Cumulative % = 76.114% > 50%; the observed variables have good statistical significance and a close relationship with the representative factor, with Factor Loading > 0.5.

Data in Table 3 and Table 4 also show that 10 observed variables are extracted into 3 factors corresponding to 3 initial factors with Eigenvalues > 1. This research result confirms that the research theoretical framework/research model initially built is appropriate, contributing to confirming the statistical and testing results in Table 2 and reflecting the reality of small business development through microfinance tools.

The above exploratory factor analysis results also help confirm that the initial research model is feasible when implementing empirical research and is maintained, including: 2 independent variables "Financial Services" (FS), "Non-financial Services" (NS), and 1 dependent variable "Developing Small Enterprises" (DSE) with a total of 10 observed variables with good statistical significance. It is possible to perform multivariate linear regression analysis to examine the relationship between independent variables and dependent variables in the research model. The results of the regression analysis are shown in Table 5.

Table 5.
Multivariate regression results.

Coefficients[a]							
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**VIF**
		B	**Std. Error**	**Beta**			
1	(Constant)	1.028	0.313		10.358	0.000	
	Financial Services (FS)	0.658	0.311	0.995	9.752	0.000	1.844
	Non-financial Services (NS)	0.474	0.224	0.419	7.465	0.000	1.735

Note: a. Dependent Variable: Developing Small Enterprises (DSE). R Square = .744; Durbin-Watson = 2.115.

The data in Table 5 shows that:

+ R Square = 0.744, confirming that the scales "Financial Services" (FS) and "Non-Financial Services" (NS) explain 74.4% of the variation in the scale "Developing Small Enterprises" (DSE); 1 < VIF < 2, showing that the regression model does not have multicollinearity; Durbin-Watson = 2.115 (1 < d < 3), indicating that the regression model does not have autocorrelation, confirming that the scales "Financial Services" (FS) and "Non-Financial Services" (NS) are independent and have the same impact on the scale "Developing Small Enterprises" (DSE), thereby confirming the suitability of the theoretical research model with the survey data set.

The regression coefficients of the two independent variables "Financial Services" (FS) and "Non-Financial Services" (NS) are both statistically significant (Sig. = 0.000, Sig. < 0.05) and have positive values: B(FS) = 0.658, B(NS) = 0.474, confirming the positive relationship between the two independent variables "Financial Services" (FS) and "Non-Financial Services" (NS) and one dependent variable "Developing Small Enterprises" (DSE). Hypotheses H1 and H2 are accepted, and the initial research model continues to be confirmed as appropriate.

Based on the generalized regression model of Hair, et al. [23]: Y = Bo + B1*X1 + B2*X2 + … + Bi*Xi, the author determined the multivariate regression model of this study as follows:

DSE = 1.082 + 0.658*FS + 0.474*NS

Based on the regression coefficient (B), it can be seen that the correlation level of the independent variables and the dependent variable, in decreasing order, is: "Financial services" (FS) and "Non-financial services" (NS). This further confirms the results of empirical research in Vietnam, which indicate that microfinance promotes small business development but tends to provide more financial support; non-financial support is more limited, while non-financial support has an impact on the long-term development and realization of the long-term goals of small enterprises.

5. Conclusion

Through the above research results, the author continues to emphasize the role of microfinance in promoting small business development through financial and non-financial support measures. In fact, financial support often meets the wishes and desires of small businesses in the short term and has immediate support value, allowing small businesses to have financial resources to invest in production and business. However, each small business needs to develop long-term plans and goals. In addition to financial support, small businesses also need other aspects of a non-financial nature, such as technique, technology, management capacity, market connection, etc. This is also an issue that needs to be addressed by managers to develop sustainable microfinance.

From the above research results, the author discusses policy solutions to further promote the role of microfinance to help small businesses receive financial and non-financial support to achieve sustainable development goals, which are:

- Firstly, financial service providers (especially commercial banks) should pay attention to lending to small business customers with simple conditions and procedures, helping small businesses easily access loans for production and business. For small businesses that have been developing for many years and have a good credit history from microfinance organizations, commercial banks need to reduce procedures and conditions for borrowing so that small businesses can access large loans to serve investment in modernizing machinery and equipment, building factories, and becoming stronger in the future.
- Second, organizations specializing in providing financial services to small business customers need to diversify their products to serve the different needs of small businesses in the early stages of development, as well as when small businesses mature and grow over time. Loan products need to be diversified according to investment purposes and working capital needs, with flexible time frames and especially attractive interest rates.

- Third, financial service providers, in addition to providing capital for small businesses, need to combine the provision of non-financial products and services to effectively promote the investment capital of small businesses. There needs to be a connection with non-financial service providers for small businesses in cases where financial institutions do not have enough capacity.
- Fourth, the government and local authorities need to have solutions and programs to support non-financial services for small businesses, along with loan support programs to reduce financial costs and non-financial product costs for small businesses. At the same time, they should deploy solutions to help small businesses access and use new technologies and techniques applied to the production and business sector, thereby improving the quality and competitiveness of products in the market.
- Fifth, the government and local authorities need to issue and apply tax policies on business and income specifically for small businesses, especially those in their early years of development, or small businesses that have just started investing in and innovating technology and techniques to help them operate smoothly and develop sustainably and long-term.
- Sixth, local authorities, financial providers, and stakeholders, especially socio-political organizations, need to guide and support small businesses in applying digital economic and digital financial solutions in product production and trading, helping small businesses consume products through e-commerce platforms and cross-border trade.

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