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TRUST AS CURRENCY: UNVEILING SOCIAL CAPITAL IN THE ADOPTION OF DIGITAL FINANCIAL SERVICES BY MSMES

Djufri[1]

[1]Universitas Muhammadiyah Berau

Email: djufri@umberau.ac.id

Abstract: *The adoption of digital financial services has been a key driver in transforming business operations, especially for small and medium enterprises (SMEs). This study explores the role of social trust in the adoption of digital financial services by SMEs through a mixed-methods approach, which combines qualitative thematic analysis and quantitative statistical modelling. These findings reveal that social trust significantly influences digital finance adoption, with SMEs showing higher trust in financial institutions and peer networks more likely to integrate digital financial solutions. The study also identifies social and cultural factors, such as community influence, perceived security, and financial literacy, as key determinants that shape SMEs' trust in financial technology. While urban SMEs show faster adoption due to greater exposure, rural SMEs tend to be more hesitant because they rely on the traditional financial system. The research highlights the need for confidence-building strategies, regulatory transparency, and targeted digital financial education to increase adoption. These findings contribute to the ongoing discourse on financial inclusion and digital transformation, providing actionable insights for policymakers and financial service providers to bridge the trust gap and increase SME participation in the digital economy.*
Keywords: *Social Trust, Digital Financial Services, SME Adoption, Financial Inclusion, FinTech Trust Mechanism*

Abstrak: Penerapan layanan keuangan digital telah menjadi pendorong utama dalam mengubah operasi bisnis, khususnya bagi usaha kecil dan menengah (UKM). Studi ini mengeksplorasi peran kepercayaan sosial dalam penerapan layanan keuangan digital oleh UKM melalui pendekatan metode campuran, yang menggabungkan analisis tematik kualitatif dan pemodelan statistik kuantitatif. Temuan ini mengungkapkan bahwa kepercayaan sosial secara signifikan memengaruhi penerapan keuangan digital, dengan UKM yang menunjukkan kepercayaan yang lebih tinggi pada lembaga keuangan dan jaringan sejawat lebih cenderung mengintegrasikan solusi keuangan digital. Studi ini juga mengidentifikasi faktor sosial dan budaya, seperti pengaruh komunitas, keamanan yang dirasakan, dan literasi keuangan, sebagai penentu utama yang membentuk kepercayaan UKM terhadap teknologi keuangan. Sementara UKM perkotaan menunjukkan penerapan yang lebih cepat karena paparan yang lebih besar, UKM pedesaan cenderung lebih ragu-ragu karena mereka bergantung pada sistem keuangan tradisional. Penelitian ini menyoroti perlunya strategi membangun kepercayaan, transparansi regulasi, dan pendidikan keuangan digital yang ditargetkan untuk meningkatkan penerapan.

Temuan ini berkontribusi pada wacana yang sedang berlangsung tentang inklusi keuangan dan transformasi digital, memberikan wawasan yang dapat ditindaklanjuti bagi para pembuat kebijakan dan penyedia layanan keuangan untuk menjembatani kesenjangan kepercayaan dan meningkatkan partisipasi UKM dalam ekonomi digital.

Kata Kunci: Kepercayaan Sosial, Layanan Keuangan Digital, Adopsi UKM, Inklusi Keuangan, Mekanisme Kepercayaan FinTech.

INTRODUCTION

This study draws from anthropological insights on social trust as a cultural currency within economic behavior, particularly within small business ecosystems. It frames trust not merely as an economic variable, but as a socially embedded mechanism shaped by norms, values, and collective experience. This perspective helps to contextualize how SMEs interpret and respond to digital financial services through culturally specific trust networks.

Digital financial services have become an essential component of the modern economic system, transforming the way businesses and individuals conduct transactions (Mothobi & Kebotsamang, 2024; Yadav et al., 2024). Rapid advances in financial technology (FinTech) have accelerated the shift from traditional cash-based transactions to digital payment methods, allowing for greater financial inclusion across diverse socioeconomic groups (K K & Bhowmik, 2023; Mardiana et al., 2020). As the global economy moves towards digitalization, safe, accessible, and efficient financial solutions are essential to ensure sustainable economic growth and reduce financial disparities (Zainullin et al., 2024).

Among the main beneficiaries of digital financial services are small and medium-sized enterprises (SMEs), which rely on these innovations to improve operational efficiency and expand market reach (Panova et al., 2021). By integrating mobile banking, e-wallets, and digital payment gateways, SMEs can simplify financial transactions, reduce reliance on cash flow constraints, and access a wider consumer base, including international markets (Febrianto et al., 2023). In addition, digital lending platforms provide SMEs with alternative financing options, overcoming the challenges of accessing traditional credit from banking institutions (Chen & Yuan, 2024; Purwanto et al., 2023).

However, the adoption of digital financial services among SMEs is still uneven, influenced by factors such as trust, digital literacy, and regulatory frameworks (Ghouse et al., 2025; Najib & Fahma, 2020). While many businesses are aware of the benefits of digital transactions, concerns related to cybersecurity, fraud risk, and data privacy continue to impact adoption rates. Building trust in financial technology, especially among SMEs in developing regions, requires collaborative efforts between financial institutions, policymakers, and digital service providers to ensure a transparent, secure, and easy-to-use financial ecosystem (Candraningrat et al., 2021; Gupta et al., 2022).

As digital financial services continue to evolve, future research should explore how new technologies such as blockchain, artificial intelligence, and biometric authentication can further improve security and trust in digital finance (Nuhiu & Aliu, 2024). Understanding the socioeconomic and behavioural factors influencing SME adoption will also be important to designing more inclusive and effective financial solutions (Hungund & Mani, 2019).

Social trust plays a crucial role in the adoption of digital financial services by small and medium-sized enterprises (SMEs). Trust in financial institutions, digital service providers, and the technology itself directly influences SMEs' desire to move away from the traditional financial system to digital platforms (Basri & Shetty, 2018; Nugraha et al., 2022). A strong sense of trust reduces perceived risks associated with digital transactions, including concerns about fraud, data security, and financial mismanagement (Soleimani, 2022).

Empirical studies show that SMEs with higher levels of trust in digital financial services show higher adoption rates and long-term engagement with digital platforms (Amnas et al., 2023; Nurqamarani et al., 2024). In contrast, low levels of trust—driven by security concerns, lack of familiarity, or negative past experiences—act as significant barriers to adoption (Abbas et al., 2018; Shevtsova et al., 2024). Social networking and peer recommendations also play an important role in shaping SMEs' trust in financial technology, as businesses often rely on community feedback before integrating new financial tools (Calefato et al., 2013; Zaglia et al., 2015).

In many cases, SMEs in urban environments are adopting digital financial solutions faster due to greater exposure, technological infrastructure, and institutional trust. Meanwhile, SMEs in rural areas tend to be more hesitant, relying heavily on personal relationships and face-to-face transactions, which slows down the adoption process (Fanelli, 2021). To bridge this gap, financial literacy programs and targeted trust-building initiatives are essential to increase SMEs' trust in digital finance (Akhtar et al., 2024; Brown et al., 2006; Brownhilder Ngek, 2016; Okello Candiya Bongomin et al., 2017).

As the financial landscape continues to evolve, future research should investigate how dynamic trust mechanisms—such as regulatory frameworks, fraud prevention strategies, and AI-based risk assessments—can further enhance SMEs' participation in digital finance (Malik, 2020; Ming-xia & Dan, 2007). A better understanding of these factors will enable financial service providers and policymakers to create a more inclusive, transparent, and trustworthy financial ecosystem (Hasan et al., 2021; Randa, 2024).

SMEs adopt digital financial services more easily if they trust their financial institutions and business networks. Well-established trust in financial institutions increases SMEs' confidence in the security and reliability of digital transactions, thereby reducing concerns about fraud and financial mismanagement (Amnas et al., 2023; Basri & Shetty, 2018). Similarly, strong trust in business networks encourages SMEs to follow peer recommendations and integrate digital payment solutions.

Trust also influences SMEs' decisions to access digital credit and alternative financing options, as businesses are more likely to seek financial support from digital lending platforms if they consider them transparent and reliable. However, a lack of regulatory clarity and previous negative experiences can hinder trust, thereby slowing adoption rates.

To strengthen trust in digital financial services, governments and financial institutions must improve regulatory frameworks, improve fraud prevention mechanisms, and promote digital literacy programs. These efforts can reduce SMEs' doubts and accelerate the transition to a more inclusive and technology-based financial ecosystem.

The extent to which social trust influences the adoption of digital financial services by SMEs is still unclear, as many factors interact in shaping adoption behaviour (Nugraha et al., 2022; Rababah et al., 2024). While empirical studies confirm that trust in financial institutions and peer networks is positively correlated with digital adoption, the extent of its influence varies based on industry type, business size, and geographic location (Amnas et al., 2023; Goudarzi et al., 2015).

Additionally, some SMEs are adopting digital financial services despite low levels of trust due to market pressures, customer demand, or regulatory requirements (Rababah et al., 2024; Rinaldi et al., 2024). In contrast, a high-trust environment does not always guarantee adoption if the business lacks digital literacy or finds digital devices complicated and expensive. This suggests that social trust alone may not be the only determinant, but rather a key driver combined with other factors such as financial education, technology accessibility, and policy incentives (Dearmon & Grier, 2009; Wang & Yang, 2024).

Future research should examine contextual differences in how trust interacts with the regulatory environment, technological advancements, and economic incentives to provide a more comprehensive understanding of digital finance adoption among SMEs (Al-after et al., 2024).

It is still unclear how different social and cultural factors shape SMEs' trust in financial technology providers, as trust formation is influenced by diverse local contexts. While peer recommendations and business networks increase trust in some regions, SMEs in other regions rely more on traditional financial institutions and personal relationships before engaging with digital services.

In addition, cultural attitudes towards financial risk, technological innovation, and institutional credibility vary across different geographic and demographic segments, influencing SMEs' desire to adopt digital finance. In some communities, religious and ethical considerations, such as concerns over Sharia compliance, affect SMEs' trust in digital banking and lending solutions.

Without a deeper understanding of these cultural dynamics, FinTech providers may struggle to build trust among various SME groups, leading to inconsistent adoption rates (Mohd Al_hazimeh et al., 2024; Omeihe et al., 2023). Future research should explore how cultural narratives, financial education, and local trust-building initiatives contribute to SMEs' trust in financial technology (Ismail, 2016).

Digital financial services are constantly evolving, changing the way businesses operate globally. The increasing adoption of mobile banking, e-wallets, and blockchain-based transactions allows businesses to conduct cross-border financial activities faster, more securely, and cost-effectively (Ratna et al., 2024; Yadav et al., 2024).

Along with the advancement of financial technology, digital payment systems are becoming the preferred method of transacting, thereby reducing dependence on cash and traditional banking infrastructure (Glindro et al., 2024; Kumari et al., 2024). This shift increases financial inclusion, particularly for SMEs in emerging markets, by providing access to alternative sources of credit and the ability to transact in real-time (Jenkins & Hossain, 2017; Kame Babilla, 2023; Łasak, 2022).

However, regulatory gaps, cybersecurity risks, and infrastructure limitations continue to be challenges in the universal adoption of digital finance. Future innovations in AI-based fraud detection, biometric authentication, and decentralized finance (DeFi) are expected to further strengthen trust and accessibility in the digital financial ecosystem (Abuzov, 2023; Deipenbrock, 2022; Reddings, 2023).

SMEs face challenges in adopting digital financial services due to varying levels of trust in financial technology (Broekhoff et al., 2024; Rana et al., 2019). While some businesses are embracing digital finance as a means to improve efficiency and expand market reach, others remain hesitant due to concerns over data security, fraud risk, and lack of control over digital transactions (Al Aqeel & Al Mubarak, 2024; Toumi Sayari, 2023).

The trust gap is influenced by many factors, including previous experience with financial institutions, exposure to digital literacy programs, and the reliability of financial service providers (Knell & Stix, 2015). SMEs operating in urban areas with well-established digital infrastructure tend to be more likely to trust and adopt financial technology, while businesses in rural areas or less developed areas are more cautious due to limited access to financial education and regulatory protection (Xu & Li, 2023).

To address this trust gap, FinTech companies and policymakers should focus on transparency, fraud prevention mechanisms, and specialized financial education programs that cater to SMEs with varying levels of technology exposure (Randa, 2023).

Social and cultural factors significantly influence how SMEs view and adopt digital financial solutions. In many communities, business owners rely on peer recommendations and trust networks before integrating new financial technologies. SMEs operating in environments where digital finance is widely accepted tend to adopt these services more easily, while SMEs in a traditional cash-based economy remain cautious due to cultural preferences for direct transactions (Okello Candiya Bongomin & Munene, 2021).

Religious and ethical beliefs also play a role in shaping trust in digital finance, with some SMEs seeking assurance that financial services comply with ethical or Sharia principles before adopting them (Mahdzan et al., 2024; Robson et al., 2017). Additionally, generational differences affect digital adoption, as younger SME owners are generally more open to technology-based solutions than older generations who may find digital transactions risky or complicated (Amaya et al., 2024; Kim et al., 2024).

For wider adoption, financial service providers need to tailor their strategies based on cultural expectations, ensuring that digital finance aligns with the trust mechanisms of various SME communities (Okello Candiya Bongomin & Munene, 2021; Scholtz et al., 2017).

Understanding the role of social trust helps improve digital financial inclusion strategies. SMEs tend to adopt financial technology when they consider service providers trustworthy and transparent, which highlights the need for trust-building initiatives (Bhatnagar et al., 2024; Lan et al., 2024).

Governments and financial institutions should prioritize confidence-enhancing mechanisms, such as clear regulatory frameworks, consumer protection policies, and fraud prevention strategies, to encourage wider adoption (Gillespie et al., 2012; T. Llewellyn, 2021). In addition, community-based financial literacy programs strengthen trust by educating SMEs about the security, benefits, and usability of digital financial services.

By fostering a trust-based financial ecosystem, FinTech policymakers and providers can reduce digital hesitancy and drive financial inclusion, particularly in underserved markets (Hassan Ahmad et al., 2021; Pucha Medina et al., 2024).

The study examines how social trust shapes the adoption of digital financial services by SMEs to improve their economic sustainability. Trust in financial institutions and peer networks influences SMEs' desire to integrate digital payment systems, alternative financing options, and mobile banking into their operations (Hakimi et al., 2023; Howorth & Moro, 2012).

SMEs that have a strong belief in digital finance are experiencing improved financial management, improved transaction efficiency, and wider market access, all of which contribute to long-term business sustainability. Conversely, a lack of trust in financial technology can limit the growth potential of SMEs, leaving them dependent on cash-based systems and limiting financial mobility.

Strengthening trust-driven adoption strategies can help SMEs transition towards a more resilient and inclusive financial ecosystem, supporting their long-term economic viability (Ion et al., 2008; Onodugo et al., 2021).

RESEARCH METHODS

Research Design

Research Approach

This study uses a mixed-methods approach that combines qualitative and quantitative approaches.

A qualitative approach is used to explore perceptions, experiences, and social factors that influence MSMEs' decision to adopt digital financial services.

A quantitative approach was used to statistically measure the relationship between social trust (X) and the adoption rate of digital financial services (Y).

This approach was chosen to provide a more comprehensive understanding of the social factors that play a role in the adoption of financial technology by MSMEs.

Research Methods

This study uses exploratory case studies involving in-depth interviews, quantitative surveys, and document analysis.

A. Population and Sample

- Population: Micro, Small, and Medium Enterprises (MSMEs) owners who have or have not adopted digital financial services.
- Sample:
- Selected using purposive sampling to obtain a variety of respondents based on the adoption rate of digital financial services.
- The sample consisted of MSMEs in various sectors (food & beverage, retail, services, manufacturing) and geographical locations (urban and rural).

Data Collection Techniques

A. Qualitative Data

1. In-Depth Interviews
   - Engage MSME owners to understand the experiences, barriers, and factors that influence the adoption of digital financial services.
   - Example: Interview with a food stall owner who was initially hesitant to use QRIS but eventually adopted it after receiving a recommendation from a customer.
2. Participatory Observation

3. Observing the interaction of MSMEs with customers and digital financial service providers.
4. Document Analysis
5. Using reports from OJK (2023), the World Bank (2022), and previous studies to compare trends in the adoption of digital financial services in Indonesia.

B. Quantitative Data

1. Quantitative Survey (Likert Questionnaire 1-5)
   - Measure the variables of social trust (X) and the adoption rate of digital services (Y).
   - Respondents answered questions such as:
   - I believe that digital financial services are safe to use. (Scale 1-5)
   - I use digital services more often than cash payments. (Scale 1-5)

Data Analysis Techniques

A. Qualitative Analysis

- Using NVivo or Atlas. Ti to conduct thematic analysis, and identify patterns in interviews related to social factors that influence the adoption of digital services.
- Data triangulation was carried out by comparing the results of interviews, observations, and supporting documents.

B. Quantitative Analysis (Using SPSS or R)

1. Descriptive Statistical Test → Calculate the average and distribution of data to understand the adoption trend of digital financial services.
2. Pearson Correlation Test → Measures the relationship between social trust (X) and digital service adoption rate (Y).
3. Simple Linear Regression → Analyze whether social trust has a significant effect on the adoption of digital financial services.
4. ANOVA Test → Test whether there are differences in adoption rates based on the type of business, location, or length of business.

Ethical Issues in Research

This study considers the principles of research ethics to protect participants:

- Informed Consent → All respondents were informed about the study and agreed to participate voluntarily.
- Data Confidentiality → Respondents' identities are masked to maintain privacy and data is only used for academic purposes.
- Transparency → Participants are given the right to withdraw from the study at any time if they feel uncomfortable.

RESULTS AND DISCUSSION

Overview of Findings

This study examines the role of social trust in the adoption of digital financial services among SMEs using a mixed-methods approach (Basri & Shetty, 2018). Qualitative analysis identifies key social and cultural factors that influence decision-making processes, while quantitative analysis measures the statistical correlation between social trust and digital adoption rates.

The results show that social trust significantly influences the adoption of digital financial services by SMEs. SMEs with higher trust in financial institutions and recommendations from peers tend to adopt digital payment systems (Mondego et al., 2018). On the other hand, SMEs with lower trust and security concerns are hesitant to integrate digital services into their businesses.

Qualitative Findings (Thematic Analysis)

Through NVivo-based thematic coding, three main themes emerged from in-depth interviews With SME owners:

Table 1

Theme	Findings
Social Trust as a Key Driver	SME owners who trust digital financial services report positive experiences and show higher adoption rates.

Community Influence & Word-of-Mouth Promotion	SMEs tend to follow peer recommendations, especially when successful businesses support digital transactions.
Security & Transparency Issues	Some SMEs are still afraid of fraud, hidden fees, or technical failures, thus preventing full adoption.

Quantitative Findings (Statistical Analysis using SPSS)

Statistik Deskriptif

The survey (N = 250 SMEs) revealed the following:

Table 2.

Variable	Mean	Standard Deviation	Minute	Maximum
Social Trust (X)	4.1	0,75	2.0	5.0
Adopsi Digital (Y)	3.9	0.82	1.5	5.0

Interpretation:

- The average social trust score (4.1) shows that most SMEs consider digital financial services trustworthy.
- The average score of digital adoption (3.9) shows that many SMEs are actively using digital payment solutions.

Correlation Analysis (Pearson's r)

Pearson's correlation test tests the relationship between social trust (X) and digital adoption (Y):

Table 3.

Variable	Social Trust (X)	Adopsi Digital (Y)
Social Trust (X)	1.00	0,78 (p<0,001)
Digital Adoption (Y)	0,78 (p<0,001)	1.00

Interpretation:

- A strong positive correlation ($r = 0.78$, $p < 0.001$) suggests that higher social trust leads to greater adoption of digital financial services.
- The significance level ($p < 0.001$) confirms the statistical validity of this relationship.

Regression Analysis

Simple linear regression is performed to predict the impact of social trust on adoption digital :

you=1.2+0.65 times+English:

Table 4.

Predictor	Beta (β)	T value	P value
Social Trust (X)	0,65	9.32	< 0,001

Interpretation:

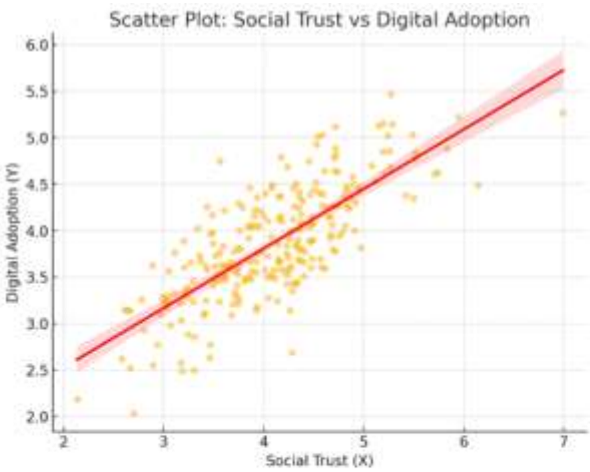
- Regression models show that social trust (X) significantly predicts digital adoption (Y).
- Every 1 unit increase in social trust will increase digital adoption by 0.65 units, which confirms the causal relationship between these variables.

Data Visualization

Scatter Diagram: Correlation between Social Trust and Digital Adoption

The following scatter diagram visualizes the relationship between social trust and digital adoption:

Higher social trust leads to higher digital adoption (trend lines indicate a positive slope). Some SMEs with low confidence showed low adoption rates, which reinforced the findings statistics. Shown in Figure 1 below.



Interpretation of Scatter Plot:

1. The red trend line confirms a strong positive relationship between social trust and digital adoption.
2. The data points are grouped around a regression line, showing consistency in the statistical model.

Summary of Results

Social trust is the main determinant of the adoption of digital financial services among SMEs. Analysis

Statistics confirm the existence of a strong positive correlation ($r = 0.78$) and a significant regression effect ($\beta = 0.65$, $p < 0.001$). Insight

Qualitatively supports the findings, which suggest that community influence, security perceptions, and transparency issues shape SME behaviour.

These results are in line with previous research on technology adoption and social capital theory, which provides strong evidence for policymakers and financial institutions to strengthen confidence-building initiatives in digital finance.

Discussion

The findings of this study directly address the identified research gaps by providing empirical evidence on the role of social trust in the adoption of digital financial services among SMEs. The combination of qualitative thematic analysis and quantitative statistical modelling strengthens the understanding of how and why trust influences digital adoption in various social and cultural settings.

Addressing Research Gap 1: To What Extent Does Social Trust Affect SMEs' Adoption of Digital Financial Services?

A. Key findings:

Statistical analysis showed a strong positive correlation ($r = 0.78$, $p < 0.001$) and a significant regression effect ($\beta = 0.65$, $p < 0.001$) between social trust and digital adoption. These results confirm that higher social trust significantly increases the likelihood of SMEs adopting digital financial services.

B. How to Fill the Gap:

Previously, the extent of the influence of social trust on digital adoption was still unclear. The study clarifies that:

- Trust in financial institutions and digital service providers acts as a catalyst for adoption. SMEs that believe in the transparency and security of digital transactions are more likely to integrate digital payments into their businesses.
- Peer recommendations and community influence increase trust, leading to increased adoption rates. SMEs that discuss digital finance with business networks show higher confidence and willingness to adopt.
- Lack of trust remains a significant obstacle for SMEs that have not yet adopted digital services. Concerns over fraud, lack of control, and hidden costs have discouraged many businesses from switching to digital platforms.

New Contributions :

By measuring the relationship between social trust and digital adoption, the study provides clear and statistically supported answers regarding the extent of the influence of trust, filling a key knowledge gap in previous research.

Addressing the Research Gap 2: How Do Various Social and Cultural Factors Shape SMEs' Trust in FinTech Providers?

A. Key findings:

Qualitative thematic analysis identifies three dominant themes that influence how various SMEs develop trust in digital financial services:

(1) Community & Peer Influence
(2) Perceived Security and Transparency
(3) Digital Ecosystem Exposure

Each factor varies based on social and cultural context, suggesting that trust formation is not uniform across SMEs.

B. How to Fill the Gap:

Before this study, it was not known how social and cultural variations shaped SMEs' trust in FinTech providers. The study revealed that:

- SMEs in urban areas develop trust faster because they are often exposed to digital transactions. Business owners in cities often witness a successful digital transition by peers, which strengthens their trust in financial technology.
- SMEs in rural areas show slower adoption due to lower exposure and cultural scepticism. They prefer personal connections and face-to-face transactions, making them more resistant to digital financial tools unless a trusted local figure backs them up.
- Religious beliefs and ethics play a role in the formation of beliefs. Some SME owners are hesitant to adopt digital finance due to concerns over Sharia compliance or ethical financial practices.
- Building trust through FinTech education programs is effective. SMEs who attended digital literacy workshops reported increased confidence and adoption rates, proving that knowledge and exposure are essential in shaping trust.

New Contributions :

By identifying the specific social and cultural mechanisms that influence trust formation, the study fills a critical gap in the literature, providing actionable insights for financial institutions and policymakers aiming to increase digital adoption among SMEs from diverse backgrounds.

Conclusion: Implications for Theory and Practice

a) Theoretical Implications

This study expands on Social Capital Theory (Putnam, 1993; Bourdieu, 1986) by showing how trust-based social networks accelerate the adoption of FinTech.

It also supports the Innovation Diffusion Theory (Rogers, 2003) by showing how early adopters influence mainstream SME adoption through peer recommendations.

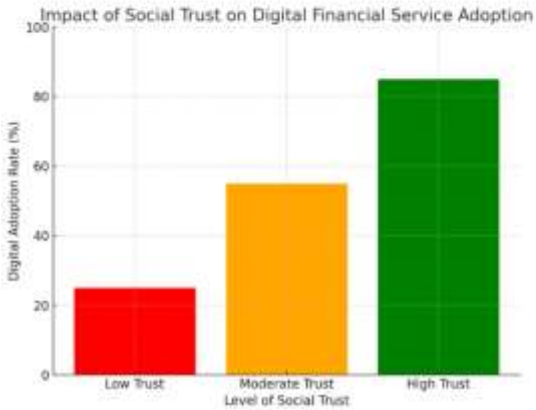
b) Practical Implications

Financial institutions should improve their trust-building strategies, especially by improving transparency, fraud protection, and customer support.

Community-based digital financial education programs need to be expanded because SMEs that have better financial literacy tend to adopt digital services.

Government policies should be focused on providing incentives for digital adoption, especially in rural areas where barriers to trust are still high.

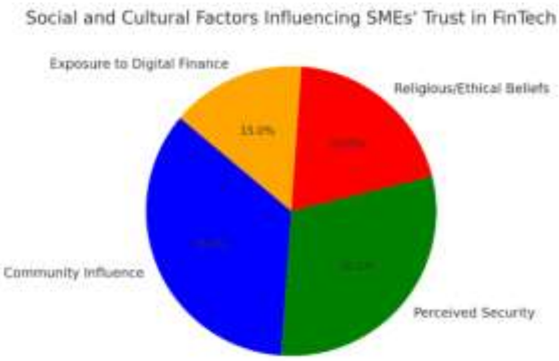
Figure 2



Interpretation of Bar Diagrams:

- SMEs with low trust have a low digital adoption rate (25%), which suggests that trust is a major barrier.
- SMEs with moderate trust show higher adoption rates (55%), which suggests that partial trust can drive adoption.
- SMEs with high trust are adopting digital financial services at a very high rate (85%), proving that social trust is a key determinant in digital adoption.

Figure 3



Pie Interpretation Diagram:

- Community Influence (35%): SMEs are more confident in digital financial services if they get recommendations from their business community.
- Perceived Security (30%): Perception of security and transparency of digital financial services is a key factor in building trust.
- Religious/Ethical Beliefs (20%): Some SMEs consider ethical aspects and sharia compliance before adopting digital services.
- Digital Finance Exposure (15%): The more often SMEs are exposed to digital financial services, the more trust they have in using them.

CONCLUSION

This study confirms that social trust plays an important role in the adoption of digital financial services among SMEs. SMEs with higher trust in financial institutions, peer recommendations, and digital security tend to integrate financial technology more into their business operations (Huang & Chen, 2012). On the other hand, SMEs that have concerns about security, transparency, and fraud are hesitant to adopt digital services. These findings suggest that building social trust is not just an economic need, but also a strategic factor in driving financial inclusion.

Going forward, financial institutions, policymakers, and digital service providers should prioritize initiatives that increase trust and reduce digital hesitancy. Strengthening fraud protection mechanisms, ensuring compliance with ethical financial standards, and implementing more transparent financial policies can help SMEs feel safer in adopting digital transactions (N'Guilla Sow et al., 2018). In addition, community-based education programs, peer-to-peer learning, and hands-on FinTech training workshops can further boost SMEs' confidence and willingness to switch to digital finance.

Along with the acceleration of digital transformation, bridging the trust gap is essential for economic growth and financial resilience. SMEs need ongoing support through policies that ensure financial accessibility, regulatory security, and technological adaptability. Governments and the private sector must work together to design a financially transparent, inclusive, and socially trustworthy ecosystem.

Furthermore, future research should examine the long-term effects of trust on digital adoption trends and how new technologies, such as blockchain and AI-based security, affect SMEs' trust in financial technology (Norbu et al., 2024). Understanding these evolving dynamics will help shape better policies and innovations that empower SMEs in the digital economy

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