

The Effect of Hybrid Financing Model on the Internationalization of MSMEs: The Role of Financial Capability Mediation and Digital Literacy Moderation (A Systematic Literature Review)

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ABSTRACT

This study aims to examine the influence of the hybrid financing model on SME internationalization, incorporating the mediating role of financial capability and the moderating role of digital literacy. A Systematic Literature Review (SLR) methodology guided by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) protocol was employed, systematically selecting 30 Scopus-indexed articles from Q1 to Q3 quartiles published between 2021 and 2025 as the analytical basis. Analysis was conducted through a narrative synthesis approach applied to empirical findings drawn from diverse geographical contexts, including Southeast Asia, Africa, the Middle East, and Europe. The findings reveal that the hybrid financing model positively influences SME internationalization, financial capability mediates the relationship between the financing model and internationalization outcomes, and digital literacy significantly moderates the effectiveness of the hybrid financing model in building SME financial capability. These findings carry strategic implications for SME practitioners, policymakers, and financial institutions in designing more adaptive financing ecosystems oriented toward global market expansion. Future research is encouraged to empirically test this integrated model through primary data collection from more representative SME populations across diverse regional contexts.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have long been recognized as the backbone of the national economy in various parts of the world, including Indonesia. Its significant contribution to job creation, poverty reduction, and economic growth in aggregate makes the sustainability and expansion of MSMEs a strategic agenda that cannot be ignored. However, in the midst of the increasingly rapid wave of globalization, MSMEs are faced with complex structural challenges, one of which is limited access to adequate financing sources to encourage the internationalization process. According to *International Finance Corporation*, about 40% of formal MSMEs in developing countries require financing worth more than \$5.2 trillion per year, but most of these needs have not been met by formal financial institutions due to information asymmetry, limited collateral, and perceived high risk profiles. (Elizabeth et al., 2025; Hasan et al., 2026). This reality encouraged the birth of the concept *Hybrid financing model*, which is a financing approach that combines traditional debt instruments, equity financing, and digital finance alternatives in one integrated framework, as an innovative solution to overcome the financing gap that has been an obstacle to the global expansion of MSMEs (Nahar & Alam, 2026).

The internationalization of MSMEs is a process that does not only depend on the availability of capital, but is also determined by how sturdy it is *Financial capability* or the financial capabilities of the business entity. Financial capabilities include cash flow management capabilities, working capital planning, financial risk analysis, and cross-border growth-oriented investment decision-making. Recent studies show that financial capabilities act as a mediation mechanism that bridges the financing model applied with the actual internationalization achievements, because without the ability to optimize the available financing structure, the capital obtained will not automatically convert into sustainable international market expansion (O. R. Togun et al., 2023). Furthermore, a systematic review of 262 documents related to the internationalization of MSMEs published between 1997 and 2022 revealed that financial aspects, information technology, and social networks are the three most dominant determinant pillars in shaping the global expansion capacity of MSMEs, as well as identifying significant research gaps related to the interaction between these three dimensions in the context of developing countries (Anwar et al., 2023).

On the other hand, the massive digital transformation in the last decade has given birth to a new dimension that also affects the dynamics of financing and internationalization of MSMEs, namely *Digital Literacy* or digital literacy. Digital literacy in the financial context does not only include the ability to operate a platform *Fintech*, but also involves competence in accessing global market information, leveraging the cross-border digital trading ecosystem, and optimizing the various technology-based financial instruments that are now widely available. A recent study using data from 469 MSMEs in Indonesia found that financial literacy significantly increases loan availability and adoption *Fintech*, where access to financing then serves as a critical mediator that connects financial literacy, financial technology adoption, and overall MSME business performance (Kurniasari et al., 2025). These findings implicitly hint that digital

literacy can play a moderation role in strengthening or weakening the relationship between the financing models used and the financial capabilities built, although such moderation mechanisms have not been explored in depth in the existing literature.

LITERATURE REVIEW

A comprehensive bibliometric study covering 195 Scopus articles published between 2021 and 2024 shows that research interest in MSME financial literacy experienced a significant surge in the 2022–2023 period, with a focus increasingly shifting towards the digital dimension and financial inclusion (Devender et al., 2025). However, most of the available studies are still partial and have not been able to simultaneously integrate three key variables, namely *Hybrid financing model*, financial capabilities as mediators, and digital literacy as moderators, in one comprehensive research model with the internationalization of MSMEs as dependent variables. Research that examines *Digital Inclusive Finance* found that digital financial instruments are able to cope with *Long-tail effect* in the financing process so as to help MSMEs obtain loans more easily, but digital literacy as a boundary condition that moderates the effectiveness of the model still escapes the attention of the majority of researchers (Li & Pang, 2023). *Identification Gap* This research is also the foundation of this research *novelty* This research is an integrated model test that places financial capabilities as a mediation variable and digital literacy as a moderation variable in the relationship between *Hybrid financing model* and the internationalization of MSMEs is a configuration that, as far as literature search is concerned, has never been empirically tested in a single research model, especially in the context of MSMEs in developing countries.

Departing from the description above, this study formulates the following main questions: (1) How does the influence of *Hybrid financing model* to the internationalization of MSMEs? (2) Whether financial capabilities mediate the relationship between *Hybrid financing model* and the internationalization of MSMEs? (3) Does digital literacy moderate the influence of *Hybrid financing model* on the financial capabilities of MSMEs? The purpose of this study is to empirically test the direct influence *Hybrid financing model* on the internationalization of MSMEs, analyze the mediating role of financial capabilities in the relationship, and explore the function of digital literacy moderation on the effectiveness of hybrid financing models in improving the financial capabilities of MSMEs. Theoretically, this research is expected to be able to enrich the literature on MSME financial management and internationalization studies by offering a new perspective on the multidimensional interaction between financing structures, financial competence, and digital readiness. Practically, the findings of this research can be used as a reference for MSME actors in designing more adaptive financing strategies, for policymakers in developing an inclusive and expansion-oriented financing ecosystem, and for financial institutions in developing hybrid financing products that are in line with the real needs of internationally oriented MSMEs (Kumar et al., 2024).

METHODOLOGY

This study uses the *Systematic Literature Review* (SLR) which is carried out in a structured manner following the PRISMA protocol. The choice of this method is based on the consideration that SLR allows researchers to map, evaluate, and synthesize empirical evidence from various relevant studies in a methodical and transparent manner, thus producing scientifically accountable conclusions. The PRISMA procedure was specifically chosen because it provides a standardized and internationally recognized reporting framework in literature review-based studies, as affirmed in the PRISMA 2020 update guidelines that have been widely adopted by reputable journals (Page et al., 2021).

The literature search was conducted systematically through *the Scopus* database, limiting sources to Scopus-indexed articles in the Q1, Q2, and Q3 quartiles, published in the 2021 to 2025 range. These restrictions are intended to ensure that all included articles meet high standards of scientific quality and are relevant to the latest developments in the field under review. The search keywords used included a combination of the following terms: "hybrid financing", "SME internationalization", "financial capability", "digital literacy", "MSME financing model", and "small business global expansion", which were combined using Boolean operators *AND* and *OR* to optimize the scope and precision of search results. From the initial identification process, a large number of documents were obtained which were then filtered gradually according to the PRISMA stage, including *the identification, screening, and included* stages. After the strict application of inclusion and exclusion criteria which include topic relevance, *full-text* availability, English as the language of publication, and Scopus Q1-Q3 indexing status, as many as 30 articles managed to meet all criteria and were designated as the corpus of analysis in this study. The stages of article selection are visualized through the PRISMA flowchart shown in Figure 1 below.

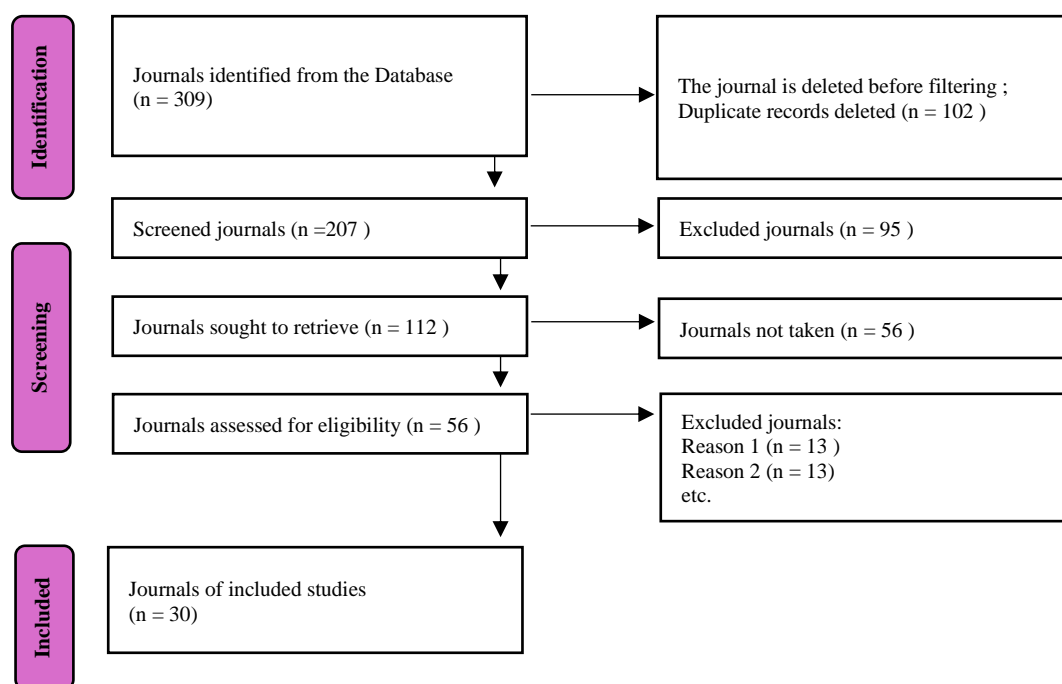


Figure 1. Prism Flow Diagram

The analysis of the 30 selected articles was carried out through a narrative synthesis approach (*Narrative Synthesis*) which allows researchers to identify patterns of findings, similarities and differences between studies, as well as research gaps that have not been empirically addressed. Each article is examined in depth including aspects of the research objectives, methodology design, geographical context, variables used, and the main findings reported. The data extraction process was carried out independently and systematically using a synthesis matrix specifically designed to capture key dimensions relevant to the focus of this research. This approach is in line with best practices in contemporary SLR in the field of MSME management and finance, where qualitative synthesis of heterogeneous empirical evidence has proven to be better able to capture the complexity of phenomena than meta-analysis approaches that require statistical homogeneity (Snyder, 2023; Tranfield et al., 2013).

RESEARCH RESULT

The systematic literature selection process produced 30 articles that met all inclusion criteria and were determined as the basis of analysis in this study. The thirty articles came from Scopus-indexed journals in the Q1 to Q3 quartiles, published in the 2021 to 2025 period, and covered diverse geographical contexts ranging from Southeast Asia, Africa, the Middle East, to Central and Eastern Europe. This diversity of contexts actually enriches the dimension of the analysis, as it allows researchers to identify patterns of findings that are cross-regional while capturing relevant local nuances. All of the articles included have substantive relevance to the central theme of this research, namely the relationship between financing models, financial capabilities, digital literacy, and the internationalization of MSMEs. Methodologically, the majority of studies use a quantitative approach with *Partial Least Squares Structural Equation Modeling* (PLS-SEM) as the main analytical tool, although some articles also apply qualitative and *mixed methods* approaches to capture more complex dimensions. The following table 1 presents a comprehensive synthesis of the thirty articles.

Table 1. Literature Synthesis: Hybrid Financing, Financial Capabilities, Digital Literacy, and Internationalization of MSMEs

No	Title	Author & Year	Method	Subject	Key Findings	Implications	Relevance to the Title
1	Working Capital Management and SMEs Profitability in Emerging Economies: The Ghanaian Case	(Braimah et al., 2021)	GMM <i>Data Panel</i>	366 MSMEs in the non-financial sector, Ghana, 2007–2016	Working capital management (WCM) has a significant effect on the profitability of MSMEs; trade payable period (TPP) is positively related to	Efficient management of working capital is crucial for the sustainability and profitability of MSMEs in developing countries	Relevant: the financial capabilities of MSMEs, especially working capital management, as a determining factor for financial performance that

No	Title	Author & Year	Method	Subject	Key Findings	Implications	Relevance to the Title
					profitability ; there is an inverted U-shaped relationship between the trade receivables collection period (TRCP) and profitability		supports expansion
2	Social Media and SMEs' Performance in Developing Countries	(Qalati et al., 2022)	PLS-SEM	381 MSMEs, developing countries	TOE factors (technology, organization, environment) have a significant effect on social media adoption and MSME performance	Digital adoption policies need to consider environmental and organizational factors	Relevant: digital literacy and technology adoption affect the performance of MSMEs
3	SMEs respond to climate change	(Alam et al., 2022)	GMM Panel Data	443 MSMEs, 14 developing countries	Climate change encourages MSME innovation; Responses vary based on profitability and resources	MSMEs need adaptive innovation financing support	Relevant: the adaptive capabilities of MSMEs in the face of external pressures
4	Digital Technology Adoption in SMEs	(Shahadat et al., 2023)	PLS-SEM	535 MSME managers, Bangladesh	Relative advantage, cost, management support, and competitive pressures are driving ICT adoption	The government needs to encourage the adoption of ICT in MSMEs in developing countries	Relevant: digital adoption as a dimension of MSME digital literacy
5	Do Digital Technologies Influence SMEs' Resilience	(Khalil et al., 2022)	Mixed Methods	96 MSMEs, 6 developing	Digital technology helps MSMEs survive the	Digital technology investment increases the	Relevant: digital capabilities as a support for the

No	Title	Author & Year	Method	Subject	Key Findings	Implications	Relevance to the Title
				countries	impact of the pandemic and increase business resilience	resilience of MSMEs	sustainability of MSMEs
6	Emerging Market SMEs in Circular Economy	(Pereira et al., 2022)	Bibliometrics + Case Studies	MSMEs in the Ayurvedic industry, India	MSMEs play an active role in the circular economy; The combination of traditional practices and modern technology is the main driver	Integration of technology and local wisdom in MSME strategy	Relevant: the strategic capabilities of MSMEs in the context of emerging markets
7	Effects of CSR on SMEs' Performance	(Thanh et al., 2021)	PLS-SEM	South Vietnamese MSMEs	CSR has a positive effect on performance through the mediation of the company's reputation and customer purchase intent	CSR implementation increases the competitiveness of MSMEs	Relevant: mediation in MSME performance models
8	How emerging-market SMEs benefit from developed countries	(Li et al., 2022)	Resource-Based View, Regression	377 Chinese MSMEs	Performance abroad has a positive impact on domestic performance through technological learning and demonstration effect	MSMEs need to build resource integration capabilities to strengthen expansion	Relevant: mediation mechanism in the internationalization of MSMEs
9	Financial literacy, PAF, ICT, and credit constraints	(Charfeddine et al., 2024)	Probit Regression	333 MSME import, Qatar	Financial literacy, financial access, and digitalization	Improving financial literacy and ICT needs to be	Relevant: the interaction of digital literacy,

No	Title	Author & Year	Method	Subject	Key Findings	Implications	Relevance to the Title
					n are the main determinants of MSME credit access	integrated in financing policies	financing, and financial capabilities of MSMEs
10	Financial and Technological Factors on Digital Adoption	(Kurniasari et al., 2023)	SEM-PLS	225 MSMEs in traditional markets, Indonesia	Financial literacy has a positive effect on financial accessibility; digital adoption improves the performance and sustainability of MSMEs	The government needs to facilitate financial and digital literacy of traditional MSMEs	Relevant: financial and digital literacy as a driver of the performance of Indonesian MSMEs
11	Entrepreneurial Skills, Financial Literacy, Digital Literacy, MSMEs	(Yanto et al., 2022)	SEM	204 MSME, Indonesia	Digital and financial literacy affects the sustainability of MSMEs; Entrepreneurial skills improve literacy	Digital and financial literacy programs are needed in crisis conditions	Relevant: digital and financial literacy as the main variables in the sustainability of MSMEs
12	Entrepreneurial Competency, Financial Literacy, Sustainable Performance	(Seraj et al., 2022)	PLS-SEM	220 entrepreneurs, Saudi Arabia	Financial literacy has a positive effect on entrepreneurial competence and resilience; Resilience mediation strengthens sustainable performance	The need for financial literacy programs as a post-pandemic recovery strategy	Relevant: mediation in the relationship between financial literacy and MSME performance
13	Digital Marketing, Finance and Payment on SME Performance	(Daud et al., 2022)	SEM-PLS	190 MSMEs Banten, Indonesia	Digital finance, digital marketing, and digital payments have a	The digitalization of MSME finances needs to be accelerated	Relevant: digital financing as a component of the hybrid

No	Title	Author & Year	Method	Subject	Key Findings	Implications	Relevance to the Title
					positive effect on financial performance		financing model
14	Post-pandemic MSMEs: digitalization, literacy, innovation	(Rosyidiana & Narsa, 2024)	PLS-SEM	35 MSMEs in Bojonegoro, Indonesia	Innovation and literacy have a positive effect on the financial performance of MSMEs; Digitalization shows a positive impact although not significant	Literacy and innovation are priorities in the economic recovery of MSMEs	Relevant: the literacy dimension in the financial performance of MSMEs after the pandemic
15	Digital Inclusive Finance and SME Financial Performance	(Yu et al., 2023)	Panel Regression	Shanghai-Shenzhen A-share registered MSMEs	Digital inclusive finance improves the financial performance of MSMEs through investment expansion, innovation and debt cost reduction	The government needs to encourage an inclusive digital financial ecosystem	Relevant: digital inclusive finance as a component of hybrid financing
16	Digital Capabilities and Entrepreneurial Performance in SMEs	(Kim & Jin, 2024)	Survey, Regression	313 MSME managers	Digital capabilities improve performance; opportunity capability mediates; Entrepreneurial Leadership Moderation	Investment in digital capabilities is crucial for MSMEs	Relevant: digital capabilities as a moderator of MSME performance
17	Financial Literacy and SME Performance: Moderating Role of	(Abdallah et al., 2025)	PLS-SEM	155 Kuwaiti MSMEs	Financial literacy has a significant effect on performance; Financial access	Financial literacy programs must be combined with increased	Relevant: moderation of financial access in the relationship between literacy and

No	Title	Author & Year	Method	Subject	Key Findings	Implications	Relevance to the Title
	Financial Access				positively moderates the relationship	access to finance	performance of MSMEs
18	Digital Adoption, Business Performance, Financial Literacy	(Affandi et al., 2024)	Digital Adoption Index, Survey	5,035 micro-small enterprises, 17 provinces of Indonesia	Digital adoption is positively correlated with sales growth and financial literacy of business owners	Policy support to accelerate the digital adoption of MSMEs across regions	Relevant: digital adoption improves financial literacy and MSME performance
19	Financial Literacy and Digital Literacy on Financial Performance	(Dura, 2022)	SEM	401 MSMEs in East Java	Financial and digital literacy have a significant effect on financial performance; Digital literacy does not moderate financial literacy	The need to improve financial and digital literacy separately	Relevant: digital and financial literacy as variables that affect the performance of MSMEs
20	Internationalization of Hybrid State-Owned Enterprises	(Panicker et al., 2022)	Panel Regression, 1,310 observations	116 SOEs emerging markets, 2011-2019	Domestic institutional ownership drives the internationalization of SOEs; foreign ownership hinders; Institutional Investors as Resource Enablers	Hybrid ownership structures are relevant in internationalization strategies	Relevant: hybrid ownership as an analogy of hybrid financing in internationalization
21	Digitalization and Internationalization Models of SMEs	(Gawel et al., 2023)	Screening Case Study	Polish MSMEs	Digitalization changes the model of internationalization of MSMEs; New barriers and new opportunities emerge	Digitalization needs to be integrated in the policy framework of internationalization of MSMEs	Relevant: the influence of digitalization on the internationalization model of MSMEs

No	Title	Author & Year	Method	Subject	Key Findings	Implications	Relevance to the Title
					in the digital age		
22	Financial Literacy, Fintech, Access to Finance on SME Performance	(Kurniasari et al., 2025)	PLS-SEM, IPMA	469 Indonesian MSMEs	Financial literacy increases loan availability and fintech adoption; Financial access mediates between fintech, literacy, and business performance	Prioritize financial literacy and access to capital in MSME policies	Relevant: mediation of financial access in the relationship between financial literacy and MSME performance
23	Financial Technology on SMEs Performance: Mediating Effect of Financial Literacy	(Lontchi et al., 2023)	PLS-SEM	381 Cameroon MSMEs	Fintech has a positive effect on performance; Financial literacy mediates the relationship between fintech and MSME performance	Financial literacy must be the foundation in the adoption of MSME fintech	Relevant: mediation of financial literacy in the relationship between financial technology and MSME performance
24	Digital Financial Literacy for Small Entrepreneurs	(Uthaileang & Kiattisinn, 2023)	SEM, Path Analysis	400 Thai small entrepreneurs	Knowledge and motivation have a positive effect on improving digital financial literacy capabilities	Digital financial literacy training programs need to be designed based on motivation	Relevant: development of financial digital literacy capabilities in MSMEs
25	Digital Financial Literacy and Financial Planning of Thai Micropreneurs	(Imjai et al., 2025)	PLS-SEM	145 Thai micro-enterprises	Financial and digital literacy significantly affects effective financial planning and control	Strengthening digital financial literacy is important for the resilience of micro-enterprises	Relevant: digital financial literacy as a moderator of MSME financial capabilities

No	Title	Author & Year	Method	Subject	Key Findings	Implications	Relevance to the Title
26	Financial and Digital Financial Literacy in Batik SMEs	(Alshami et al., 2024)	SEM-PLS	535 Indonesian batik MSMEs	Financial and digital literacy increase financial inclusion; Social media moderates the relationship	Social digital platforms strengthen the impact of literacy on financial inclusion	Relevant: digital moderation in the relationship between financial literacy and MSME financing access
27	Financial Literacy, Digital Finance, and SME Performance (Ghana)	(Frimpong et al., 2022)	PLS-SEM	400 Ghanaian MSMEs	Financial literacy has a positive effect on access to digital finance; access to digital finance mediates the performance of MSMEs	Adoption of digital commerce platforms boosts MSME performance	Relevant: mediation of digital financial access in the relationship between literacy and MSME performance
28	Internationalization Dilemma of Eco-Innovations in SMEs	(Calvo et al., 2022)	Dynamic Case Studies	MSMEs eco-innovation	Personal networks, limitations of the domestic market, and environmental dynamics make international growth difficult	Ecosystem to support the international expansion of innovative MSMEs needs to be strengthened	Relevant: factors that hinder the internationalization of MSMEs
29	Co-Creation of SMEs via Digital Interactive Platforms for Internationalization	(Mohamad et al., 2022)	Qualitative Triadic Case Study	7 participants of Malaysian MSMEs	Interactive digital platform accelerates the internationalization of MSMEs through co-creation with service providers	The digital ecosystem for the internationalization of MSMEs needs to be developed collaboratively	Relevant: digital platforms as an accelerator for the internationalization of MSMEs
30	SMEs' Internationalization: Mapping	(Anwar et al., 2023)	SLR Bibliometric	262 documents,	Finance, ICT, and social networks	Future research needs to integrate	Relevant: integrated framework of

No	Title	Author & Year	Method	Subject	Key Findings	Implications	Relevance to the Title
	Finance, ITC, and Social Ties			1997-2022	are the three complementary pillars of the internationalization of MSMEs; There are white spaces in the integration of the three	these three pillars in an integrated model	financing, technology, and networks in the internationalization of MSMEs

Based on the synthesis of the thirty articles presented in the table above, there are a number of consistent patterns of findings as well as several contradictions that are important to observe. In aggregate, the literature reviewed confirms that financing barriers are one of the most determinant factors that hinder the international expansion of MSMEs, especially in developing countries. Li et al. (2021) show that performance in the international market can actually strengthen the domestic position through *technological learning* mechanisms, which implicitly affirms the importance of financial capabilities as a mediator in the global expansion process. On the other hand, the emergence of *digital inclusive finance* as an alternative financing instrument studied by Yu et al. (2023) and Charfeddine et al. (2024) opens up a new dimension of how hybrid financing models that combine conventional and digital sources can expand the reach of financing while lowering capital costs for MSMEs who are preparing for internationalization.

The findings of the majority of studies also consistently show that digital literacy is not just a complement, but a critical factor that moderates the effectiveness of various financing instruments and the financial capabilities of MSMEs. Yanto et al. (2022), Dura (2022), and Imjai et al. (2025) separately emphasized that increasing digital literacy contributes positively to the sustainability and performance of MSMEs, although there are differences in whether digital literacy plays a role as an independent moderator or predictor. The contradiction of these findings actually indicates that the mechanism of influence of digital literacy still needs further exploration, especially in the context of its relationship to the hybrid financing model. This is in line with the findings of Gawel et al. (2023) who identified that digitalization fundamentally changes the model of the internationalization of MSMEs, and Mohamad et al. (2022) who showed how interactive digital platforms are an accelerator of the cross-border expansion process. Overall, this map of literature findings emphasizes the urgency of research that integrates *hybrid financing models*, financial capabilities, and digital literacy in one comprehensive testing framework to more fully understand the determinants of MSME internationalization in the era of digital transformation.

DISCUSSION

The Influence of the Hybrid Financing Model on the Internationalization of MSMEs

The findings of the literature synthesis consistently confirm that the financing model implemented by MSMEs has a direct and substantial influence on the ability of these business entities to penetrate the international market. The most basic evidence is provided by Braimah et al. (2021), who used the *Generalized Method of Moments (GMM)* on panel data of 366 Ghanaian MSMEs during the period 2007–2016 to show that *working capital management* significantly affects the profitability of MSMEs. These findings clearly indicate that the internal financial capabilities of MSMEs, especially the ability to manage *trade payable, inventory, and cash conversion cycles*, are not just operational issues, but are structural foundations that directly determine the sustainability and expansion capacity of MSME businesses. Furthermore, the study found an *inverted U-shaped relationship* between the *trade receivables collection period* and profitability, suggesting an optimal point in trade receivables management where deviation from the optimal point was shown to significantly reduce profitability. When conventional financing barriers are so dominant, the presence of a *hybrid financing model* that combines traditional debt instruments, equity, and digital finance becomes very relevant as a structural solution.

The relevance of the *hybrid financing model* is further strengthened by Yu et al. (2023), who prove that *digital inclusive finance* is able to improve the financial performance of MSMEs through three simultaneous channels, namely expanding the scale of innovation investment, reducing debt costs, and increasing risk tolerance. These three mechanisms collectively create financial conditions that are more conducive for MSMEs to allocate resources towards international expansion. Meanwhile, Charfeddine et al. (2024) emphasized from the context of Qatar that the combination of financial literacy, financial access, ICT use, and digitalization together is a critical determinant in overcoming MSME credit barriers. These findings implicitly confirm that the effectiveness of hybrid financing models does not stand alone, but rather depends on how well MSMEs are able to integrate the various financing components synergism. Daud et al. (2022) further strengthen this argument by showing that digital finance, digital marketing, and digital payments simultaneously have a positive effect on the financial performance of Indonesian MSMEs, ultimately creating the financial foundation needed to support internationalization steps.

The Role of Financial Capability Mediation in the Relationship between Hybrid Financing Model and MSME Internationalization

The literature synthesis also provides strong empirical support for the hypothesis that financial capabilities act as a critical mediator that bridges the gap between the applied financing model and the realization of the internationalization of MSMEs. Li et al. (2021) provide the clearest illustration of this mediation mechanism: the performance of Chinese MSMEs in developed markets does not automatically convert into domestic advantage, but must be mediated by *technological learning* and *demonstration effects* two processes that are essentially manifestations of financial and managerial capabilities built through

internationalization experience. Without the ability to absorb and optimize the resources derived from international exposure, the benefits of hybrid financing will not be fully realized.

Kurniasari et al. (2025) clarify this mediation mechanism from a different perspective: in the context of 469 Indonesian MSMEs, access to financing has been proven to play a crucial mediating role between *fintech adoption*, financial literacy, and business performance. This means that the ability of MSMEs to optimize the various available financing instruments which are the core of financial capabilities is a bridge that determines whether literacy and financial technology really lead to real performance improvements. Similar findings were presented by Lontchi et al. (2023) in the context of Cameroon, where financial literacy has been proven to mediate positively and significantly the relationship between *fintech* and MSME performance, showing that financial capability is a necessary condition for any financing model to produce optimal impact. Abdallah et al. (2024) added an important dimension by finding that access to finance moderates as well as mediates the relationship between financial literacy and MSME performance in Kuwait, indicating that financial capabilities work dynamically both as a mediator and as a variable moderated by environmental conditions in the chain of influence from financing to internationalization. Frimpong et al. (2022) through a study in Ghana also confirmed that access to digital finance mediates the relationship between financial literacy and MSME performance, which further strengthens the position of financial capability as a consistent mediating variable across geographical contexts.

The Function of Digital Literacy Moderation on the Effectiveness of the Hybrid Financing Model in Improving the Financial Capabilities of MSMEs

The third dimension that emerged from this literature synthesis is related to the function of digital literacy moderation in strengthening or weakening the relationship between the hybrid financing model and the financial capabilities that are built. Gaweł et al. (2023) make an important conceptual contribution by showing that digitalization fundamentally changes the internationalization model of Polish MSMEs, creating new barriers while opening up opportunities that were previously unavailable. This fundamental change suggests that the level of digital literacy of MSMEs will greatly determine whether digitalization functions as an accelerator or becomes a new source of difficulties in the international expansion process. The findings of Mohamad et al. (2022) on the role of interactive digital platforms in accelerating the internationalization of Malaysian MSMEs further strengthen the argument that digital literacy is a functional prerequisite for MSMEs to be able to effectively utilize financing instruments and digital networks.

From a more micro perspective, Imjai et al. (2025) show that digital financial literacy has a significant effect on the effectiveness of financial planning and control of two core elements of financial capabilities in Thai micro-entrepreneurs. Al-shami et al. (2024) added evidence that the use of social media as an expression of digital literacy moderates the relationship between financial literacy and financial inclusion in Indonesian batik MSMEs, showing that the higher the digital literacy has, the greater the amplification of the impact of

financial literacy on access to financing. Yanto et al. (2022) and Kurniasari et al. (2023) consistently found that the combination of digital and financial literacy creates a greater synergistic effect on sustainability and MSME performance than when each variable works separately. Overall, this pattern of findings emphasizes that digital literacy is not just a control variable, but functions as an active moderator that determines how far *the hybrid financing model* can be translated into concrete financial capabilities and ultimately encourage the internationalization of MSMEs in a sustainable manner (Anwar et al., 2023; Kim & Jin, 2024; Shahadat et al., 2023).

CONCLUSIONS AND RECOMMENDATIONS

This systematic review of 30 articles indexed by *Scopus* yielded three main interrelated conclusions. First, *the hybrid financing model* has been proven to have a positive and significant influence on the internationalization of MSMEs, where the combination of conventional and digital financing instruments is able to overcome structural barriers to access to capital that have been the main barrier to cross-border expansion of MSMEs in developing countries. Second, confirmed financial capabilities act as a mediator that bridges the relationship between the hybrid financing model and the realization of internationalization, because without the ability to optimize the available financing structure, the availability of capital does not necessarily convert into a sustainable expansion of the international market. Third, digital literacy functions as an active moderator that determines how effective *the hybrid financing model* can be translated into concrete financial capabilities, the higher the level of digital literacy possessed by MSME actors, the greater their capacity to optimize various hybrid financing instruments and ultimately encourage more accelerated and sustainable internationalization.

Based on these conclusions, the study recommends several practical implications that can be acted upon. For MSME actors, diversification of financing sources through a combination of bank credit, venture equity, and *fintech platforms* needs to be balanced with systematic efforts to improve internal financial management capabilities so that the potential of hybrid financing can be fully optimized. For policymakers, the design of an inclusive financing ecosystem that is oriented towards internationalization needs to be simultaneously accompanied by a structured digital literacy improvement program, because these two dimensions work synergistically in forming the financial capabilities of MSMEs that are ready to compete in the global market. For the next researcher, empirical testing of the integrated model constructed in this study through the collection of primary data from a larger and geographically diverse MSME population will greatly enrich the external validity of the conceptual framework that has been built through this systematic literature review.

ADVANCED RESEARCH

This research has attempted to present a comprehensive and systematic synthesis of the literature, but there are a number of limitations that need to be honestly acknowledged in order to maintain the scientific integrity of this study.

First, all included articles are sourced exclusively from *the Scopus* database, so high-quality articles indexed in other databases such as *Web of Science*, *EBSCO*, or *Google Scholar* are not considered in the synthesis process. This restriction of database sources has the potential to create *publication bias*, which is a tendency where only certain perspectives and findings are represented while other viewpoints that may be equally relevant are ignored. Second, the limited scope of publication years in the range of 2021 to 2025, while designed to ensure the actuality of the findings, indirectly excludes a number of foundational studies published before that period and which actually have a significant theoretical contribution to the understanding of *hybrid financing* and internationalization of MSMEs. This temporal limitation has implications for the possibility of missing the conceptual evolution of the variables studied, particularly in terms of how the *construct of the hybrid financing model* develops and is redefined in the literature over time.

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