

IMPACT OF DIGITAL FINANCIAL PRACTICES ON THE PERFORMANCE AND SUSTAINABILITY OF INDIAN COMMERCIAL ENTERPRISES

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Abstract

The rapid adoption of digital financial practices has significantly transformed the operational and strategic landscape of commercial enterprises in India. This study examined the impact of digital financial practices such as digital payment systems, online banking, fintech platforms, and digital accounting tools on the performance and sustainability of Indian commercial enterprises. Primary data were gathered using a structured questionnaire, which utilized a descriptive and analytical research design, to collect data among enterprises that were operating in manufacturing, services, and trading industries. The analysis of data was done by means of descriptive statistics, correlation analysis, and multiple regression. The findings revealed a high level of adoption of digital financial practices among enterprises, with digital payments and online banking being the most widely used tools. Correlation results indicated a strong and positive association between digital financial practices and both enterprise performance and sustainability. Regression analysis further confirmed that digital financial practices had a statistically significant positive impact on profitability, operational efficiency, cost reduction, and long-term sustainability, even after controlling for firm size, age, and sector. The study concluded that digital financial practices are not only instrumental in enhancing short-term performance but also play a critical role in ensuring long-term financial stability, adaptability, and sustainable growth of Indian commercial enterprises. The findings offer valuable insights for business managers and policymakers to promote digital finance as a strategic driver of sustainable enterprise development.

Keywords: *Digital financial practices, enterprise performance, enterprise sustainability, fintech, Indian commercial enterprises*



1. INTRODUCTION

The rapid advancement of digital technologies has fundamentally transformed the way financial activities are conducted across the globe, and India is no exception. In recent years, Indian commercial enterprises have increasingly adopted digital financial practices such as digital payments, online banking, financial technology (FinTech) platforms, cloud-based accounting systems, and data-driven financial analytics. These practices have gained momentum due to supportive government initiatives like Digital India, the expansion of internet and smartphone penetration, and the growing acceptance of cashless transactions among businesses and consumers. In a dynamic and competitive economy like India, digital finance has emerged as a critical driver of operational efficiency, transparency, and financial inclusion for enterprises of varying sizes.

Digital financial practices play a significant role in enhancing the performance of commercial enterprises by improving speed, accuracy, and cost-efficiency in financial operations. The use of digital payment systems and automated financial processes reduces transaction costs, minimizes human errors, and ensures faster settlement cycles, thereby improving cash flow management. Additionally, digital tools enable real-time financial reporting and data analytics, which support informed decision-making and strategic planning. By integrating digital finance into core business operations, enterprises can optimize resource utilization, strengthen financial control mechanisms, and respond more effectively to market fluctuations and customer demands.

Beyond short-term performance, digital financial practices are increasingly recognized as essential for the long-term sustainability of Indian commercial enterprises. Sustainability in this context extends beyond environmental considerations to include economic resilience, risk management, and adaptability to technological change. Digital finance enhances transparency and compliance with regulatory requirements, reduces the risks associated with cash handling, and improves access to formal credit through digital lending platforms. Moreover, enterprises that adopt digital financial systems are better positioned to innovate, scale operations, and integrate with global value chains, thereby ensuring continuity and competitiveness in the long run.

Examining the impact of digital financial practices on the performance and sustainability of Indian commercial enterprises becomes highly relevant. Understanding this relationship helps in identifying how digital finance contributes to productivity growth, financial stability, and sustainable business development. Such an analysis is valuable for business leaders, policymakers, and researchers, as it provides insights into leveraging digital finance as a strategic tool for strengthening enterprise performance while fostering sustainable economic growth in the Indian commercial sector.

2. REVIEW OF LITERATURE

Pandey, Kiran, and Sharma (2022) examined how the drivers of financial inclusion, financial literacy, and government-based financial programs can facilitate sustainable economic growth in North India. The study examined how access to banking services, usage of digital financial instruments, and awareness of financial products influenced inclusive and sustainable development outcomes. Using empirical data, the authors found that financial literacy and targeted financial initiatives significantly enhanced the effectiveness of financial inclusion efforts. The findings suggested that digitally enabled financial systems, when supported by adequate financial awareness, contributed positively to sustainable growth by improving economic participation, reducing inequalities, and strengthening financial resilience among enterprises and individuals.

Siswanti et al. (2024) studied the effects of digital transformation on sustainable business performance and specifically, the mediating effects of corporate governance and financial performance. The study revealed that digital transformation initiatives, including the adoption of digital financial systems, directly and indirectly influenced business sustainability outcomes. The authors observed that strong corporate governance structures enhanced the positive effects of digital transformation by ensuring transparency, accountability, and efficient financial management. Furthermore, improved financial performance acted as a key mediating factor, linking digital transformation to long-term sustainability, thereby emphasizing the strategic importance of integrating digital finance with governance mechanisms.

Sreenu (2025) studied the effects of financial technology (fintech) use and financial knowledge on sustainable business performance in India where financial accessibility is a moderating factor. The study demonstrated that fintech usage and financial knowledge positively affected

business sustainability by improving access to financial services, reducing transaction barriers, and enhancing operational efficiency. The results indicated that financial accessibility partially mediated this relationship, highlighting that the benefits of fintech were maximized when enterprises had easier access to digital financial infrastructure and credit facilities. The study concluded that fintech-driven digital financial practices played a crucial role in strengthening the performance and sustainability of Indian enterprises.

Toni (2025) examined the connection between sustainability of supply chain and financial performance of small and medium-sized enterprises (SMEs), focusing on use of e-commerce, digital banking, and digital marketing practices. The study analyzed how the integration of digital financial and marketing tools supported sustainable supply chain operations by improving transaction efficiency, market reach, and customer responsiveness. The findings revealed that SMEs adopting digital banking and e-commerce platforms experienced enhanced financial performance, which in turn strengthened their supply chain sustainability. The study concluded that digital financial practices served as a strategic enabler for aligning financial outcomes with long-term sustainability goals.

Udayana et al. (2023) examined how using e-commerce applications and digital marketing affect the financial and sustainability performance of SMEs in Indonesia. Using empirical evidence, the authors demonstrated that digital business practices positively influenced revenue growth, cost efficiency, and environmental and social sustainability outcomes. The study highlighted that SMEs with higher levels of digital adoption achieved better financial stability and sustainable performance compared to those relying on traditional business models. The results emphasized the importance of digital integration in strengthening SME competitiveness and resilience in a rapidly digitalizing economy.

Verma, Das, and Misra (2025) examined how digitization of finance affects the performance of micro, small, and medium enterprises (MSMEs) in India based on data of World Bank Enterprise Survey. The study found that access to digital financial services, including digital payments and online banking, significantly improved firm productivity, sales growth, and financial efficiency. The authors observed that digital finance reduced financial constraints and improved access to formal credit, particularly for smaller enterprises. The study concluded that

digital financial practices played a critical role in enhancing MSME performance and contributed to their long-term sustainability and competitiveness.

3. RESEARCH METHODOLOGY

The study took a descriptive and analytical method to evaluate how digital financial practices affected the performance and sustainability of commercial enterprises in India. A structured questionnaire was used to collect primary data in a sample of enterprises, and the data was analyzed with the help of descriptive statistics, correlation, and regression to identify relationships between the adoption of digital finance and the outcome of enterprises.

3.1. Research Design

The study adopted a descriptive and analytical research design to examine the impact of digital financial practices on the performance and sustainability of commercial enterprises in India. This design enabled a systematic assessment of existing digital financial practices and their measurable influence on financial and sustainability outcomes. A quantitative approach was primarily used to establish relationships between variables, supported by descriptive analysis to capture enterprise-level adoption patterns.

3.2. Population and Sample

The population of the study comprised Indian commercial enterprises, including micro, small, medium, and large firms operating across manufacturing, services, and trading sectors. A sample of enterprises was selected using stratified random sampling, ensuring adequate representation across firm size and sector. This approach helped reduce sampling bias and improved the generalizability of findings. Respondents included owners, financial managers, and senior executives who were directly involved in financial decision-making.

3.3. Data Sources and Data Collection

The study relied on primary data, collected through a structured questionnaire designed to capture information on the extent of digital financial practice adoption (such as digital payments, online banking, fintech platforms, and digital accounting systems), firm performance indicators, and sustainability dimensions. The questionnaire employed a five-point Likert scale to measure perceptions and intensity of impact. In addition, secondary data

were collected from annual reports, policy documents, government publications, and prior academic studies to support contextual understanding and variable selection.

3.4. Variables of the Study

- **Independent Variable:** Digital financial practices (digital payments, fintech usage, online banking, digital financial management tools).
- **Dependent Variables:**
 - *Enterprise performance* (profitability, operational efficiency, sales growth, cost reduction).
 - *Enterprise sustainability* (financial stability, adaptability, long-term growth, regulatory compliance).
- **Control Variables:** Firm size, age of enterprise, and sector of operation.

3.5. Tools and Techniques of Analysis

Collected data were coded and analyzed using statistical software. Descriptive statistics (mean, percentage, and standard deviation) were used to summarize enterprise characteristics and adoption levels. Correlation analysis was applied to identify relationships between digital financial practices and enterprise outcomes, while multiple regression analysis was employed to assess the extent and significance of the impact of digital financial practices on performance and sustainability. Reliability of the instrument was tested using Cronbach's alpha.

4. RESULT AND DISCUSSION

This segment outlines and talks about the empirical evidence of the research on the effects of digital financial practices on performance and sustainability of commercial enterprises in India. Descriptive statistics, correlation analysis, and multiple regression are used to organize the analysis to get the overall picture of the digital finance adoption and its implications. Tables and figures are used to systematically present the data, while the discussion interprets the results in relation to enterprise performance and long-term sustainability, thereby linking the empirical evidence with the objectives of the study.

4.1. Descriptive Analysis of Digital Financial Practices

Table 1 presents the descriptive statistics of digital financial practices adopted by commercial enterprises, highlighting the mean scores and standard deviations for digital payment systems, online banking, fintech platform usage, digital accounting and finance tools, and overall digital finance adoption, thereby summarizing the central tendency and variability of responses obtained through the structured questionnaire and indicating the extent of usage of these practices. Figure 1 complements the table by providing a graphical representation of the mean values of the same digital financial practices, visually comparing their adoption levels and enabling a clear and concise understanding of the relative usage patterns across different forms of digital finance among the surveyed enterprises.

Table 1: Descriptive Statistics of Digital Financial Practices

| Digital Financial Practices | Mean | Standard Deviation |
|---|-------------|---------------------------|
| Digital payment systems | 4.12 | 0.68 |
| Online banking | 4.05 | 0.72 |
| Fintech platform usage | 3.78 | 0.81 |
| Digital accounting & finance tools | 3.69 | 0.85 |
| Overall digital finance adoption | 3.91 | 0.64 |

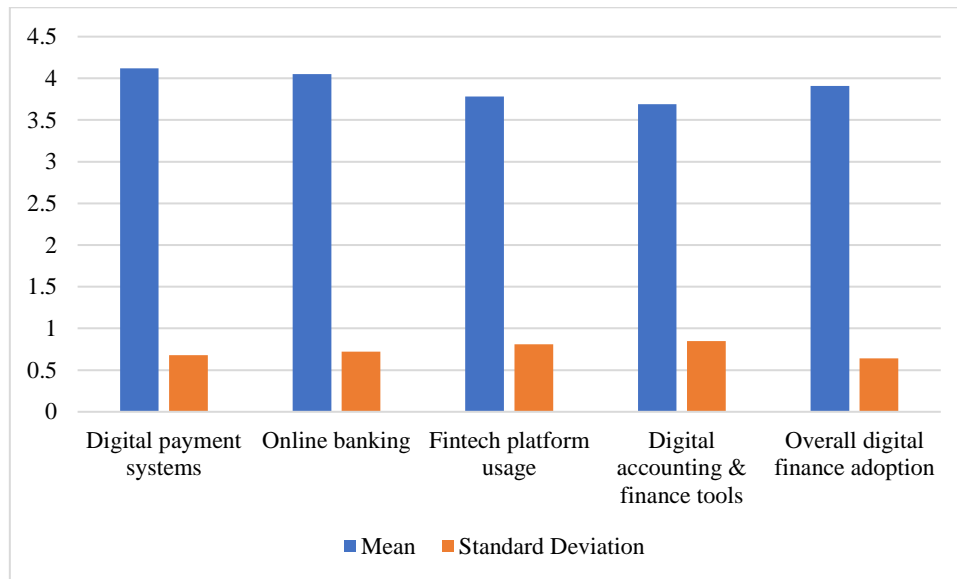


Figure 1: Graphical Representation of Descriptive Statistics of Digital Financial Practices

The results indicate that digital payment systems (Mean = 4.12) and online banking (Mean = 4.05) recorded the highest levels of adoption among enterprises, suggesting their widespread acceptance in routine business transactions. Fintech platform usage (Mean = 3.78) and digital accounting and finance tools (Mean = 3.69) showed moderately high adoption, reflecting a growing but comparatively lower level of integration. The overall digital finance adoption score (Mean = 3.91) demonstrates that Indian commercial enterprises have largely embraced digital financial practices, with relatively low standard deviation values indicating consistency in adoption patterns across the sample.

4.2. Impact on Enterprise Performance

Table 2 presents the descriptive statistics of enterprise performance variables, displaying the mean scores and standard deviations for profitability, operational efficiency, sales growth, and cost reduction, thereby summarizing the central tendency and dispersion of responses collected from the surveyed enterprises through the structured questionnaire. Figure 2 complements this information by providing a graphical representation of the mean values of the same performance variables, visually comparing profitability, operational efficiency, sales growth, and cost reduction, and enabling a clearer understanding of the relative emphasis placed on different enterprise performance indicators.

Table 2: Descriptive Statistics of Enterprise Performance Variables

| Performance Indicators | Mean | Standard Deviation |
|------------------------|------|--------------------|
| Profitability | 3.82 | 0.74 |
| Operational efficiency | 4.01 | 0.69 |
| Sales growth | 3.76 | 0.77 |
| Cost reduction | 4.08 | 0.66 |

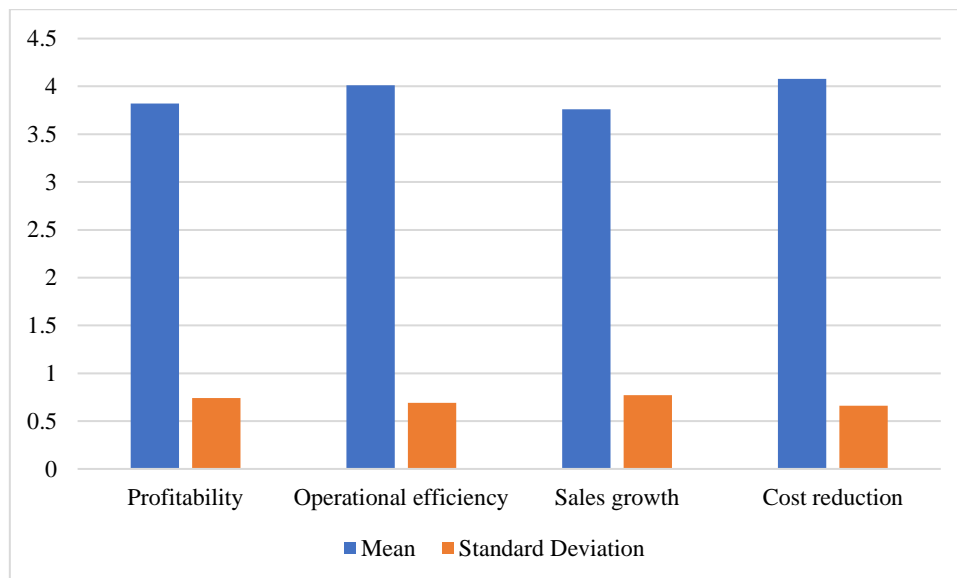


Figure 2: Graphical Representation of Descriptive Statistics of Enterprise Performance Variables

The results indicate that cost reduction (Mean = 4.08) and operational efficiency (Mean = 4.01) recorded higher mean values compared to profitability (Mean = 3.82) and sales growth (Mean = 3.76), suggesting that enterprises perceived greater performance improvements in efficiency-related outcomes. The relatively moderate standard deviation values reflect consistency in responses across the sample, indicating that digital financial practices were commonly associated with enhanced operational efficiency and cost management among the surveyed enterprises.

4.3. Correlation between Digital Financial Practices and Enterprise Outcomes

To examine the relationship between digital financial practices and enterprise performance and sustainability, correlation analysis was conducted. Table 3 presents the correlation matrix showing the relationship between digital financial practices and key enterprise outcome variables, namely enterprise performance and enterprise sustainability. The table summarizes the strength and direction of associations between the independent variable and the dependent variables, based on correlation coefficients calculated from the collected survey data, with statistical significance indicated at the 1 per cent level.

Table 3: Correlation Matrix

| Variables | Digital Financial Practices |
|---------------------------|-----------------------------|
| Enterprise performance | 0.68** |
| Enterprise sustainability | 0.72** |

Note: $p < 0.01$

The results reveal a strong and positive correlation between digital financial practices and enterprise performance ($r = 0.68$, $p < 0.01$), as well as between digital financial practices and enterprise sustainability ($r = 0.72$, $p < 0.01$). These findings indicate that higher adoption of digital financial practices was significantly associated with improved performance and enhanced sustainability of commercial enterprises, highlighting the important role of digital finance in strengthening both short-term outcomes and long-term business stability.

4.4. Regression Analysis on Performance and Sustainability

Multiple regression analysis was employed to assess the impact of digital financial practices on enterprise performance and sustainability while controlling for firm size, age, and sector. Table 4 presents the results of the multiple regression analysis conducted to examine the impact of digital financial practices on enterprise outcomes. The table reports the standardized beta coefficients (β), corresponding t-values, and significance levels for enterprise performance and enterprise sustainability as dependent variables, indicating the extent to which digital financial practices explained variations in these outcomes while controlling for firm-specific factors.

Table 4: Regression Results of Digital Financial Practices on Enterprise Outcomes

| Dependent Variable | β Value | t-value | Significance |
|---------------------------|---------------|---------|--------------|
| Enterprise performance | 0.54 | 7.82 | 0.000 |
| Enterprise sustainability | 0.61 | 8.94 | 0.000 |

The regression results show that digital financial practices had a statistically significant and positive impact on both enterprise performance ($\beta = 0.54$, $t = 7.82$, $p = 0.000$) and enterprise sustainability ($\beta = 0.61$, $t = 8.94$, $p = 0.000$). The higher beta value for sustainability suggests that digital financial practices exerted a stronger influence on long-term stability and adaptability compared to short-term performance outcomes, confirming the critical role of digital finance in enhancing overall enterprise effectiveness.

5. CONCLUSION

The study concluded that digital financial practices have a significant and positive influence on both the performance and sustainability of commercial enterprises in India. The empirical evidence demonstrated that the adoption of digital payments, online banking, fintech platforms, and digital accounting tools enhanced operational efficiency, reduced costs, improved profitability, and strengthened long-term financial stability and adaptability of enterprises. The strong positive correlations and significant regression results confirmed that digital finance acts as a strategic driver not only for short-term performance improvements but also for sustainable business growth. Overall, the findings underscore the critical role of digital financial practices in improving enterprise resilience, competitiveness, and sustainability, suggesting that continued promotion of digital finance adoption through supportive policies, infrastructure development, and financial literacy initiatives can substantially contribute to sustainable economic development in the Indian commercial sector.

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