



The Impact of Payment Gateway Adoption, Digital Financial Literacy, and Financial Inclusion on MSMEs' Financial Performance

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Abstract. The pandemic has significantly impacted Micro, Small, and Medium Enterprises (MSMEs), especially in Solo Raya, where adaptation to digital technology is now crucial for survival in an increasingly complex market. This research focuses on the influence of three key factors—Fintech-based payment gateways, digital financial literacy, and financial inclusion—on the financial performance of MSMEs in Solo Raya. The adoption of Fintech is vital due to the rise of cashless transactions and shifting consumer behaviors, making digital financial management essential for MSMEs to thrive. Solo Raya, known for its rich cultural and culinary heritage, has a growing MSME sector that drives the local economy. However, the lack of digital financial literacy and financial inclusion poses challenges for business growth and financial stability. This study employs a quantitative method, using a survey distributed to culinary MSMEs across Solo Raya, including Surakarta, Wonogiri, Klaten, Boyolali, and Karanganyar. Data is analyzed with SEM-PLS (Partial Least Square), assessing validity, reliability, and the relationships between variables through SmartPLS. This research aims to provide insights that will help MSMEs effectively adapt to digital advancements, ensuring sustainable growth and competitiveness. The results state that digital payment adoptions, digital financial literacy, financial inclusion has impact on the MSME's financial performance.

Keywords: digital financial, financial inclusion, MSME's, payment gateway

1. INTRODUCTION

Solo Raya area, as one of the economic and cultural centers in Indonesia, has a rapidly growing Micro, Small, and Medium Enterprises (MSMEs) sector. MSMEs are the backbone of the local economy, significantly influencing positive impacts on Gross Domestic Product (GDP) and creating jobs for the local community. MSMEs in Solo Raya have a significant contribution to the regional economy. Distribution of MSMEs in Solo Raya, there are 964 MSMEs in Boyolali Regency, 1,866 MSMEs in Karanganyar Regency, 1,478 MSMEs in Klaten Regency, 1,980 MSMEs in Sragen Regency, 2,662 MSMEs in Sukoharjo Regency, 1,737 MSMEs in Wonogiri Regency, and as many as 17,964 MSMEs in Surakarta City. However, MSMEs often face various challenges, especially in managing finances and accessing adequate financial services. Along with the development of digital technology, MSMEs in Solo Raya are faced with new challenges that require adaptation to remain competitive in an increasingly complex market, especially in the digitalization era.

One aspect of technology that can help MSMEs is the phenomenon of Financial Technology (Fintech) based on Payment Gateway. The Fintech phenomenon has changed the financial landscape in Indonesia. Transactions based on Payment Gateway offer faster, cheaper, and more accessible payment solutions for business actors. In addition, Fintech based on Payment Gateway also offers innovative and efficient payment solutions for MSME actors. The use of Fintech is becoming increasingly important considering the increase in digital transactions and changes in consumer behavior towards non-cash payments (Wibowo, Khasanah, & Putra, 2022). Although Fintech has the potential to increase transaction efficiency, the challenge of digital financial literacy among MSME owners remains significant. Lack of understanding and utilization of digital financial services can hinder the growth and stability of MSMEs. The issue of financial inclusion is also a serious concern, because some MSMEs in Solo Raya have not been served by formal financial institutions, limiting the ability to develop their businesses (Putra et al., 2020).

The national financial literacy and inclusion index shows that there has been an increase. In 2013, national financial literacy was 21.84% to 29.7% in 2016, and 38.03% in 2019. Meanwhile, financial inclusion has also increased such as financial literacy, starting from 59.74% in 2013 increasing to 67.8% in 2016, and 76.19% in 2019. The government is trying to improve financial literacy and community inclusion, especially for MSMEs. A survey conducted by OJK in 2019 showed that the level of financial literacy in Solo was 26% and the level of financial inclusion was 48.9%, indicating that financial literacy and inclusion in Solo are still very low. Therefore, the urgency of research that combines Fintech analysis based on Payment Gateway, digital financial literacy, and financial inclusion on the financial performance of MSMEs in Solo Raya is relevant and urgent. Understanding the impact of Fintech adoption, the level of digital financial literacy, and the level of financial inclusion on the financial performance of MSMEs will provide valuable insights for stakeholders, including MSME owners, regulators, and financial service providers. Although there are studies that pay attention to separate aspects such as Fintech adoption, digital financial literacy, and financial inclusion on the financial performance of MSMEs, there are still few studies that integrate the three comprehensively, especially in the context of Solo Raya. This research is expected to provide a significant contribution to becoming a solid foundation in supporting MSME growth, increasing financial inclusion, and understanding and improving the financial performance of MSMEs in Solo Raya through Fintech, digital financial literacy, and broader financial inclusion.

The results of one study showed that there was a significant influence between the benefits and ease of use of Fintech on the intention of MSME actors to use it. According to Wardani & Darmawan, (2020), the existence of Fintech has a big impact on MSMEs because it helps them understand finances better through Payment Gateway. According to research conducted by Sanistasya et al., (2019), financial literacy and financial inclusion have the ability to improve the performance of MSMEs. In addition, financial inclusion has the ability to ensure that businesses in the MSME sector will last long (Nurohman et al., 2021).

Based on this background, the researcher then focused on conducting research to analyze payment gateway-based financial technology, the level of financial literacy and financial inclusion that can have an impact on the performance of MSMEs. This study was conducted on MSMEs in Solo Raya who have established their businesses for more than a year. Of course, with the development of technology in the last few years, it will greatly affect the mobility of MSMEs, especially in the financial sector.

2. LITERATURE REVIEW

Financial Technology for Payment Gateway based

According to Lestari et al., (2020), Fintech is the evolution of the combination of technology and financial services that transforms conventional business models into more modern ones. The Indonesian Fintech Association (AFI) was founded in 2015. The organization's goal is to raise awareness among business people about how to build a Fintech ecosystem in Indonesia. Fintech makes payments easier and safer because this technology continues to create innovations that benefit people and businesses. Payment Gateway is one type of Fintech. Payment Gateway is an online payment tool used by providers to document and verify transaction data (Kurniawan et al., 2018). Payment Gateway is very popular today and is becoming famous among E-Commerce who run online businesses. This is because of the convenience and benefits they offer when conducting digital-based financial transactions. One of the financial industries known as Fintech has many roles, including providing online transaction services and helping investors invest in real terms using online platforms. A study conducted by the Indonesian Fintech Association in 2019 showed that the most popular Fintech platform today is Payment Gateway. This platform is very popular and is one of the most popular solutions in Indonesia. Payment companies rank 44%, financing 15%, aggregators 15%, financial planning for individuals and companies 10%, and crowdfunding 8%.

Financial Literacy

Knowledge, skills and beliefs that influence attitudes and behavior to improve decision-making and financial management in order to achieve well-being are defined in the Financial Services Authority Regulation (Financial Services Authority, 2016). According to Wicaksono & Subhan (2015), defines financial literacy as the ability to make the right financial decisions by knowing and understanding financial concepts and products with the help of information and advice. In the same way, according to Fathimah et al. (2024) defines financial literacy as the ability to assess new and complex financial instruments and evaluate them. According to Lusardi (Lakoro, 2021) defines financial literacy as the ability and knowledge about finance that a person has to manage and use money to improve the quality of his life. Financial literacy includes the ability to read, analyze, manage money, and communicate about how to manage financial resources, which has an impact on the level of welfare and the decision-making process (Shaari et al., 2013).

Financial Inclusion

According to the World Bank, financial inclusion is the ease for individuals and organizations to gain access to useful and affordable financial products to meet their needs in a responsible manner. Financial literacy helps MSMEs manage and access financial products. Financial inclusion is defined as the process of making the formal financial system more accessible, accessible, and utilized by all economic actors (Putra et al., 2022). Bank Indonesia (2013) defines financial inclusion as all efforts to eliminate any barriers that prevent people from utilizing financial services. In 2017, the Financial Services Authority issued a regulation defining financial inclusion as the availability of access to several financial institutions, products, and services according to the needs and abilities of the community to improve community welfare. According to the Center for Financial Inclusion, the regulation defines financial inclusion as the availability of access to financial products that The availability of financial services or needs can help MSMEs meet capital adequacy. The obstacles and problems faced by MSMEs are related to capital, so the availability of financing services can help the sustainability of their business. According to the Indonesian National Financial Literacy Strategy (2017), the basic principles of financial inclusion consist of:

a. Measurable

Efforts to increase financial inclusion are carried out by taking into account accessibility of location, cost, time, technology systems, risk mitigation in every transaction or financial access carried out by the community.

b. Affordable

Implementation of increasing financial inclusion by providing easy access for the community to obtain financial services.

c. Right on target

Implementation of increasing financial inclusion in accordance with community needs and established targets.

d. Sustainability

Increasing financial inclusion to achieve continuity and sustainability of businesses carried out by MSMEs and the community in general.

Financial Performance MSMEs

MSMEs are regulated in Law of the Republic of Indonesia Number 20 of 2008 concerning MSMEs. Article 1 of the Law stipulates that micro businesses are manufacturing businesses owned by individuals and/or individual business entities that meet the criteria for micro businesses as stipulated in the Law. Small businesses are productive economic businesses that stand alone and are managed by individuals or legal entities, subsidiaries or non-subsidiaries that are owned, controlled or partly, directly or indirectly by other companies, medium and large businesses that meet the criteria for certain small businesses as referred to in the Law (Rahmawati, 2024). Meanwhile, micro businesses are independent production economic businesses run by individuals or business organizations that are not subsidiaries or branches of a company that is owned, controlled, either directly or indirectly, or part of a micro business, small or large business that meets the criteria for micro businesses as stipulated in the Law. MSMEs are an abbreviation for Micro, Small and Medium Enterprises. MSMEs are regulated by Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises. According to Lakoro, (2021) states that MSME performance is the result of work carried out by an individual and can be completed by the individual's tasks within the company and within a certain period of time, and will be linked to the size or standard of the company's value.

3. METHOD

The population in this study is MSMEs in the Surakarta area. Data collection using questionnaires. Sampling techniques with scientific methods carried out by purposive sampling. Data analysis using SEM-PLS (Partial Least Squares). Partial Least Squares has 2 models in its analysis, namely the outer model and the inner model. The outer model test includes validity and reliability tests for testing each indicator. Validity testing includes convergent validity and discriminant validity, while reliability testing uses average variance

extracted (AVE) and composite reliability. The inner model test is used to determine the direct and indirect influence between the latent variables studied, using the path coefficient with SmartPLS analysis. Partial Least Squares is an SEM method designed to solve multiple regression when specific problems occur in the data, such as small research sample sizes, missing data and multicollinearity.

The research stage is carried out through the following stages:

1. Observation Stage, in this stage a survey is conducted on the research object. In this stage it is expected to obtain information about the phenomena and problems that exist in the object, so that a research proposal can be made.
2. Data Search Stage, this stage begins after the research proposal has been presented at a seminar and preparation for searching for data on the research object can be carried out by designing a questionnaire that will be used to collect data from respondents.
3. Implementation Stage, this stage is carried out by distributing questionnaires to respondents who are the target/target of the research.
4. Data Analysis Stage, after data collection in the field is carried out, the data is then analyzed so that the results of the data search in the research object can be known.

Data Interpretation Stage, in this stage the results of data analysis are interpreted and then concluded so that research findings are obtained.

4. RESULTS AND DISCUSSION

Overview of Research Object

The city of Surakarta is city in the province Central Java, Indonesia, with an area of 44.04 km². This city is also the third largest city in the southern part of Java Island after Bandung And Malang City according to population. This city is included in the region greater Solo, as the main city. On 2020, the population of Surakarta is 522,364 people, density 11,861.00/km², and in the middle of the year 2023, the population of Surakarta is 586,166 people. Together with Yogyakarta, Surakarta is the heir Islamic Mataram Kingdom which is broken down through The Treaty of Giyanti, in the year of 1755, so that Surakarta became the residence. His Holiness Pakubuwana And Duke of Mangkunegara.

Nowadays, the name Surakarta is used in formal-governmental situations, while the name Sala/Solo refers more to a general term that is based on cultural aspects. The word Sura in Javanese language means "courage" and karta means "prosperous"; with the hope that Surakarta will become a place where its inhabitants are people who always dare to fight for the good and prosperity of the country and nation. It can also be said that the name Surakarta is a

play on words from Kartasura. The word sala, the name used for the village where the new palace was built, is the name of a sacred tree from which India, namely a tree the place.

This chapter aims to explain the overall research results that have been found through stages based on good research methodology. This study aims to explain Fintech Based on Payment Gateway, Digital Financial Literacy and Financial Inclusion on Financial Performance of MSMEs in Solo Raya. To conduct this study, researchers took 100 respondents. This analysis process was carried out using the Smart PLS 3.0 application.

A. Respondent Description

1. Gender Description

Description of respondents based on gender is explained in the table below:

Table 1. Gender Description

Gender	Frequency	Percent
Man	73	73%
Woman	27	27 %
Amount	100	100%

Source: Primary Analysis Data, 2024

Based on the table above, the characteristics of respondents based on gender show that male respondents numbered 73 people with a percentage of 73%. While for female respondents numbered 27 people with a percentage of 27%. So it can be concluded that male respondents dominate with 73 respondents.

2. Description of How Long the Business Has Been Established

Description of respondents based on the length of time the business has been established is explained in the table below:

Table 2

Length of Business Establishment	Frequency	Percent
< 1 Year	16	16 %
1-5 Years	30	30%
6-10 Years	12	12%
> 10 Years	42	42%
Amount	100	100%

Source: Primary Analysis Data, 2024

Based on the table above, the characteristics of respondents based on the length of time the business has been established are those that have been established <1 year as many as 16 people with a percentage of 16%. Then for those that have been established 1-5 years as many as 30 people with a percentage of 30%. Then those that have been established 6-10 years as many as 12 people with a percentage of 12%. For those that have been established > 10 years as many as 42 people with a percentage of 42%. So it can be concluded that most of the respondents obtained are those whose businesses have been established > 10 years, namely 42 people.

3. Description of Turnover Per Year

Description of respondents based on turnover per year of establishment is explained in the table below:

Table 3. Description of Turnover Per Year

Turnover Per Year	Frequency	Percent
< 1 Year	16	16 %
1-5 Years	30	30%
6-10 Years	12	12%
> 10 Years	42	42%
Amount	100	100%

Source: Primary Analysis Data, 2024

Based on the table above, the characteristics of respondents based on the length of time the business has been established are those that have been established <1 year as many as 16 people with a percentage of 16%. Then for those that have been established 1-5 years as many as 30 people with a percentage of 30%. Then those that have been established 6-10 years as many as 12 people with a percentage of 12%. For those that have been established > 10 years as many as 42 people with a percentage of 42%. So it can be concluded that most of the respondents obtained are those whose businesses have been established > 10 years, namely 42 people.

4. Description of MSMEs in Solo Raya

Description of respondents based on respondents who are MSMEs in Solo Raya is explained in the table below:

Table 4. Description Ever Used Garnier Products

MSMEs in Solo Raya	Frequency	Percent
Yes	100	100%
No	0	0
Amount	100	100

Source: Primary Analysis Data, 2024

Based on the table above, the characteristics of respondents based on whether the respondents are MSMEs in Solo Raya state that all 100 respondents are all MSMEs in Solo Raya.

B. PLS Program Test

In this study, hypothesis testing uses the Partial Least Square (PLS) data analysis technique with the SmartPLS 3.0 program. The following is a schematic of the PLS program model being tested:

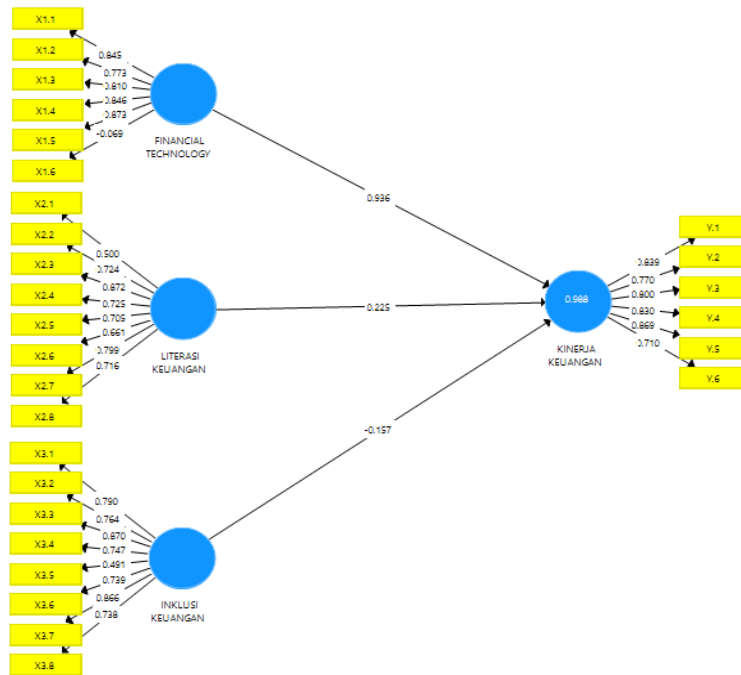


Figure 1 *Outer Model* Before Elimination

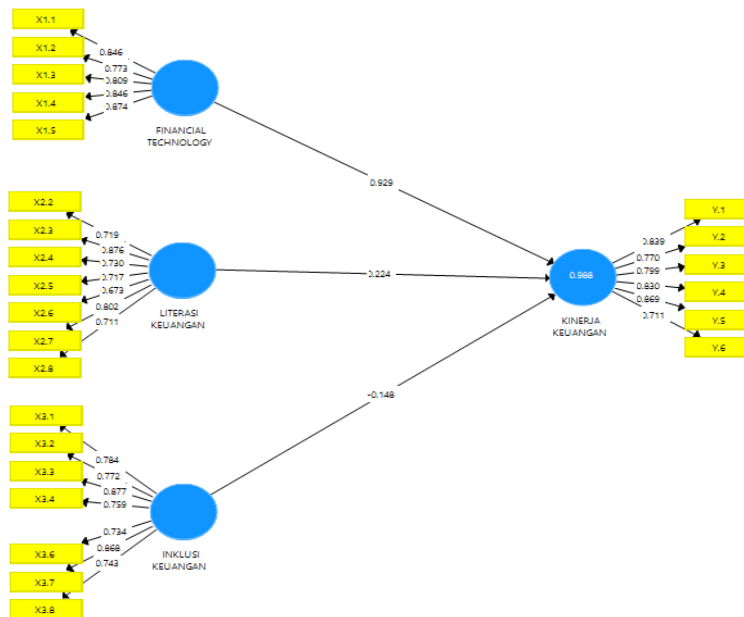


Figure 2. *Outer Model* After Elimination

Outer model testing is used to determine the specifications of the relationship between latent variables and their indicators, this test includes validity, reliability and multicollinearity.

C. Outer Model Analysis

1. Convergent Validity

An indicator is declared to meet convergent validity in the good category if the outer loading value is > 0.7 . The following are the outer loading values of each indicator in the research variables.

Table 5. Outer Loading Value Before Elimination

Variables	Indicator	Outer Loading
Financial Technology(X1)	X1.1	0.845
	X1.2	0.773
	X1.3	0.810
	X1.4	0.846
	X1.5	0.873
	X1.6	-0.069
Financial Literacy (X2)	X2.1	0.497
	X2.2	0.724
	X2.3	0.872
	X2.4	0.725
	X2.5	0.705
	X2.6	0.661
	X2.7	0.799
	X2.8	0.716
Financial Inclusion (X3)	X3.1	0.790
	X3.2	0.764
	X3.3	0.870
	X3.4	0.747
	X3.5	0.491
	X3.6	0.739
	X3.7	0.866
	X3.8	0.738
Financial Performance (Y)	Y.1	0.839
	Y.2	0.770
	Y.3	0.800
	Y.4	0.830
	Y.5	0.869
	Y.6	0.710

Source: Primary Analysis Data, 2024

Based on the table above It is known that the outer loading value requirement for each research variable indicator is > 0.7 . However, according to Chin, (1998) the loading value measurement scale of 0.5 to 0.6 is considered sufficient to meet the convergent validity requirements. The table above shows that there are several variable indicators whose outer loading values are below 0.5, namely X1.6, X2.1, and X3.5 so that these indicators must be eliminated because they have values below the predetermined standard of 0.5. So the results of the outer loading values after elimination are shown in table 4.6 below:

Table 6. Outer Loading Value After Elimination

Variables	Indicator	Outer Loading
Financial Technology(X1)	X1.1	0.846
	X1.2	0.773
	X1.3	0.809
	X1.4	0.846
	X1.5	0.874
Financial Literacy (X2)	X2.2	0.719
	X2.3	0.876
	X2.4	0.730
	X2.5	0.717
	X2.6	0.673
	X2.7	0.802
Financial Inclusion (X3)	X2.8	0.711
	X3.1	0.784
	X3.2	0.772
	X3.3	0.877
	X3.4	0.759
	X3.6	0.734
Financial Performance (Y)	X3.7	0.868
	X3.8	0.743
	Y.1	0.839
	Y.2	0.770
	Y.3	0.799
	Y.4	0.830
	Y.5	0.869
	Y.6	0.711

Source: Primary Analysis Data, 2024

Based on the table above It is known that each research variable indicator has many outer loading values > 0.7 . However, according to Chin, (1998) the measurement scale of loading values 0.5 to 0.6 is considered sufficient to meet the requirements of convergent validity. The data above shows that there are no variable indicators whose outer loading values are below 0.5, so that all indicators are declared feasible or valid for use in research and can be used for further analysis.

2. Discriminant Validity

Assessing discriminant validity is by looking at the AVE (Average Variance Extracted) value > 0.5 so that it can be said to be valid in terms of discriminant validity. The following are the AVE values of each variable in this study:

Table 7. Average Variance Extracted Value

Variables	AVE (Average Variance Extracted)	Information
Financial Technology(X1)	0.690	Valid
Financial Literacy (X2)	0.562	Valid
Financial Inclusion (X3)	0.629	Valid
Financial Performance (Y)	0.648	Valid

Source: Primary Analysis Data, 2024

Based on the table above, each variable in this study shows an AVE (Average Variance Extracted) value of > 0.5 . Each variable in this study has its own value for Financial Technology (X1) of 0.690, Financial Literacy (X2) of 0.562, Financial Inclusion (X3) of 0.629 and for Financial Performance (Y) of 0.648. This shows that each variable in this study can be said to be valid in terms of discriminant validity.

3. Reliability Test

Reliability Test shows the level of consistency and stability of the measuring instrument or research instrument in measuring a concept or construct (Abdillah and Hartono, 2015). Reliability testing in this study uses Composite Reliability and Cronbach Alpha.

Composite reliability is a part used to test the reliability value of indicators on a variable. A variable can be declared to meet composite reliability if it has a composite reliability value > 0.7 . Below are the composite reliability values of each variable in this study:

Table 8. *Composite Reliability*

Variables	Composite Reliability
<i>Financial Technology</i> (X1)	0.917
Financial Literacy (X2)	0.899
Financial Inclusion (X3)	0.922
Financial Performance (Y)	0.917

Source: Primary Analysis Data, 2024

From the table above, it can be shown that the composite reliability value of all research variables has a value of > 0.7 . With the value *Financial Technology*(X1) is 0.917, Financial Literacy (X2) is 0.899, Financial Inclusion (X3) is 0.922 and for Financial Performance (Y) is 0.917. This shows that each variable has met the composite reliability so that it can be concluded that all variables have a high level of reliability.

The second reliability test is Cronbach's Alpha. Cronbach's Alpha is a test where this test is a statistical technique used to measure internal consistency in the reliability test of psychometric instruments or data. A construct is said to be reliable if the Cronbach's alpha value is more than 0.60. Below is the Cronbach's Alpha value in this study.

Table 9 *Cronbach Alpha*

Variables	Cronbach's Alpha
<i>Financial Technology</i> (X1)	0.887
Financial Literacy (X2)	0.868
Financial Inclusion (X3)	0.901
Financial Performance (Y)	0.890

Source: Primary Analysis Data, 2024

Based on the table above, it shows that the Cronbach alpha value for all variables in this study is above > 0.7 . With a value of *Financial Technology*(X1) is 0.887, Financial Literacy (X2) is 0.868, Financial Inclusion (X3) is 0.901 and for Financial Performance (Y) is

0.890. This means that the Cronbach alpha value has met the requirements so that all constructs can be said to be reliable.

4. Multicollinearity Test

Multicollinearity test can be seen from the tolerance value and variance inflation factor (VIF). Multicollinearity can be detected by the cut off value which shows a tolerance value > 0.1 or equal to a VIF value < 10. Below are the VIF values in this study.

Table 10. Colinearity Statistics (VIF)

	Financial performance
Financial Technology(X1)	4,031
Financial Literacy (X2)	1,786
Financial Inclusion (X3)	2,409
Financial Performance (Y)	

Source: Primary Analysis Data, 2024

From the table above, the results of the Collinierity Statistics (VIF) to see the multicollinearity test with the results of the Financial Technology variable on Financial Performance of 4.031. Then the value of the Financial Literacy variable on Financial Performance is 1.786. Then the value of Financial Inclusion on Financial Performance is 2.409. From each variable has a cut off value > 0.1 or equal to the VIF value < 5 then it does not violate the multicollinearity test.

D. Inner Model Analysis

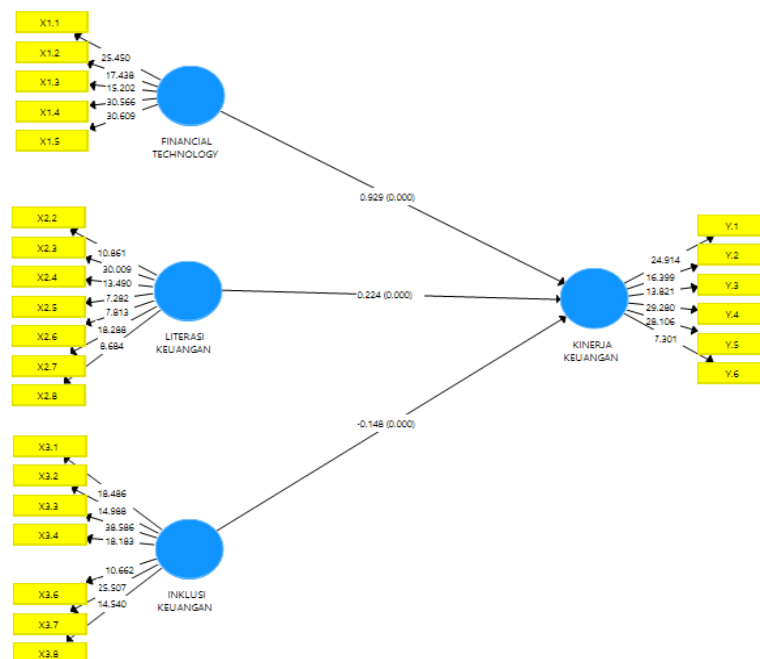


Figure .3 Inner Model

Inner model used to test the influence between one latent variable and another latent variable. Inner model testing can be done with three analyzes, namely measuring the R2 (R-square) value, Goodness of Fit (Gof) and path coefficient.

1. Goodness of fit test

Structural model evaluation is conducted to show the relationship between manifest and latent variables of the main predictor variables, mediators and outcomes in one complex model. The goodness of fit test of this model consists of two tests, namely R Square (R2) and Q-Square (Q2).

The R2 or R-Square value shows the determination of exogenous variables on endogenous variables. The greater the R2 value indicates a better level of determination. R2 values of 0.75, 0.50, and 0.25 can be concluded that the model is strong, moderate, and weak (Ghozali, 2015). The following are the values of the coefficient of determination in this study.

Table 11. R-Square Value

	<i>R-Square</i>
Financial performance	0.988

Source: Primary Analysis Data, 2024

Based on the table above, R-Square is used to see the magnitude of the influence of the variables Financial Technology, Financial Literacy and Financial Inclusion on Financial Performance, namely with a value of 0.988 or 98.8%, it can be said that this relationship is a high relationship.

The next test is the Q-Square test. The Q2 value in testing the structural model is done by looking at the Q2 (Predictive relevance) value. The Q2 value can be used to measure how good the observation value produced by the model and its parameters are. A Q2 value > 0 indicates that the model has predictive relevance, while a Q2 value < 0 indicates that the model has less predictive relevance. The following are the results of calculating the Q-Square value.

Table 12. Q-Square Analysis (Q2)

Variables	Model	Mark
Financial performance	Q ² (=1-SSE/SSO)	0.619

Source: Primary Analysis Data, 2024

The results of the analysis obtained in this study are the Q2 value of the Financial Performance produced is 0.619, this means that the Q2 value > 0. Therefore, the feasibility of the model or goodness of fit in this study is good.

Hypothesis Testing

To test the hypothesis in this study, we can use the table of path coefficient values for direct influence and specific indirect effect for indirect influence (mediation).

Path Coefficient Test

Testing the path coefficient using the bootstrapping process to see the t statistics or p values (critical ratio) and the original sample values obtained from the process. A p value <0.05 indicates that there is a direct influence between variables, while a p value > 0.05 indicates that

there is no direct influence between variables. In this study, the significance value used is t-statistic 1.96 (significant level = 5%). If the t-statistic value > 1.96 , there is a significant influence. Below are the path coefficient values of the test results.

Table 13. Path Coefficient (Direct Effect)

	Hypothesis	Original Sample	t-Statistics	P Values	Information
<i>Financial Technology(X1) -> Financial Performance (Y)</i>	H1	0.929	29,536	0,000	Significant Positive
<i>Financial Literacy (X2) -> Financial Performance (Y)</i>	H2	0.224	5,430	0,000	Significant Positive
<i>Financial Inclusion (X3) -> Financial Performance (Y)</i>	H3	0.148	3,607	0,000	Significant Positive

Source: Primary Analysis Data, 2024

Based on the table above, the interpretation is as follows:

The first hypothesis tests whether Financial Technology has a positive and significant effect on Financial Performance. The table above shows a t-statistic value of 29.536 with a large influence of 0.929 and a p-value of 0.000. With a t-statistic value < 1.96 and a p value > 0.05 , it can be concluded that hypothesis one is accepted.

The second hypothesis tests whether Financial Literacy has a positive and significant effect on Financial Performance. The table above shows a t-statistic value of 5.430 with a large influence of 0.224 and a p-value of 0.000. With a t-statistic value < 1.96 and a p value > 0.05 , it can be concluded that hypothesis two is accepted.

The third hypothesis tests whether Financial Inclusion has a positive and significant effect on Financial Performance. The table above shows a t-statistic value of 3.607 with a large influence of 0.148 and a p-value of 0.000. With a t-statistic value < 1.96 and a p value > 0.05 , it can be concluded that the third hypothesis is accepted.

DISCUSSION

The Influence of Financial Technology on Financial Performance

Based on the results of the path coefficient test above, the t-statistic value was obtained as 29.536, which means $29.536 > 1.96$ with a large influence of 0.929 and a p-value of 0.000 < 0.05 . So partially financial technology has a positive and significant effect on financial performance. The results of this study are in line with research conducted by Natsir et al., (2023) Fintech improves operational efficiency by introducing technologies that make financial

processes faster, more efficient, and cheaper, such as digital payment services and accounting automation. Fintech expands access to financial services for previously underserved individuals and businesses, through peer-to-peer lending, crowdfunding, and app-based financial services accessible through mobile devices.

Meanwhile, according to Pandak & Nugroho, (2023) Fintech also leverages big data and analytics to provide better insights into financial behavior and market trends, which helps companies make better and more strategic decisions, and improve risk management. In addition, Fintech drives innovation in the development of new financial products and services, such as robo-advisors that provide automated investment advisory services (Amaria & Rahmawati, 2024).

The Influence of Financial Literacy on Financial Performance

Based on the results of the path coefficient test above, the t-statistic value is 5.430, which means $5.430 > 1.96$ with a large influence of 0.224 and a p-value of $0.000 < 0.05$. So partially Financial Literacy has a positive and significant effect on Financial Performance. The results of this study are in line with research conducted by Putri et al., (2022) which states that financial literacy will have an impact on the company's financial performance because good financial literacy allows individuals and companies to make smarter and more informed financial decisions. This includes the ability to understand financial products, manage budgets, manage debt, and plan investments that are in line with long-term goals (Sholahuddin et al., 2024).

Meanwhile, according to Lubis & Nurhayati, (2024) Financial literacy supports more ethical and responsible decision-making. A deep understanding of the long-term implications of financial decisions can encourage more ethical behavior in personal and business financial management. High financial literacy is an important foundation for healthy and sustainable financial performance, both for individuals and organizations. It enhances the ability to plan, manage, and optimize financial resources, as well as reduce risk and improve long-term financial stability.

The Impact of Financial Inclusion on Financial Performance

Based on the results of the path coefficient test above, the t-statistic value is 3.607, which means $3.607 > 1.96$ with a large influence of 0.148 and a p-value of $0.000 < 0.05$. So partially Financial Inclusion has a positive and significant effect on Financial Performance. The results of this study are in line with research conducted by Putri et al., (2022) which states that financial inclusion has a significant impact on financial performance, both at the individual level and on the economy as a whole.

Meanwhile, according to Kusuma et al., (2022) Financial inclusion increases access for individuals and small businesses to formal financial services, such as bank accounts, credit, insurance, and investment instruments. With this wider access, individuals can save and access credit for urgent needs or productive investments, while small businesses can obtain capital for expansion and development. Financial inclusion enables better risk management. With access to insurance and other financial products, individuals and businesses can protect themselves from unexpected financial risks, such as illness, accidents, or business losses. This provides financial stability and reduces vulnerability to economic shocks.

5. IMPLICATION AND CONCLUSION

Based on the results of research conducted using quantitative methods, the conclusions of this study are as follows:

Financial Technology has a positive and significant influence on Financial Performance, confirming that the first hypothesis is accepted. Fintech improves financial performance by enhancing operational efficiency through faster and more cost-effective financial processes and expanding access to financial services.

Implication: Companies and individuals should leverage Fintech innovations to improve efficiency and decision-making, which will lead to better financial outcomes.

Financial Literacy has a positive and significant influence on Financial Performance, confirming that the second hypothesis is accepted. Individuals and companies with strong financial literacy make smarter financial decisions, optimizing financial resources, managing risks, and ensuring long-term stability.

Implication: Enhancing financial literacy is essential for both individuals and businesses to make informed decisions, reduce risks, and achieve sustainable financial performance.

Financial Inclusion has a positive and significant influence on Financial Performance, confirming that the third hypothesis is accepted. Increased access to formal financial services helps individuals and small businesses manage risks and improve financial stability, thus boosting overall performance.

Implication: Policymakers and financial institutions should continue efforts to promote financial inclusion, ensuring that more people and small businesses can access the financial services they need to improve their financial health.

Research Limitations:

The limitations identified in this research are as follows:

This study is limited to independent variables in the form of Financial Technology, Financial Literacy, and Financial Inclusion. Other potential factors that may influence Financial Performance were not included in the scope of this research. Future studies could explore additional variables such as economic conditions, government regulations, or organizational culture to provide a more comprehensive analysis of financial performance.

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