

**THE INFLUENCE OF DIGITAL PAYMENTS, FINANCIAL LITERACY, AND
FINANCIAL MANAGEMENT ON THE PERFORMANCE OF MSMEs IN
TENGGILIS MEJOYO DISTRICT, SURABAYA**



Alma Cynthia¹

Universitas Pembangunan Nasional "Veteran" Jawa Timur, Surabaya, Indonesia
almacynthia07@gmail.com

Muslimin²

Universitas Pembangunan Nasional "Veteran" Jawa Timur, Surabaya, Indonesia
muslimin.ak@upnjatim.ac.id

Abstract

This study aims to identify the factors influencing the performance of MSMEs in Tenggilis Mejoyo District, Surabaya. Digital payment, financial literacy, and financial management serve as the independent variables in this research. A quantitative approach is employed, focusing on MSMEs located in Tenggilis Mejoyo District, Surabaya. The incidental sampling method was used to collect a sample of 94 respondents. Smart-PLS 4.0 was utilized to analyze SEM-PLS data. The results indicate that digital payment has no significant effect on MSME performance. Meanwhile, financial literacy and financial management significantly influence MSME performance.

Keywords: Digital Payment, Financial Literacy, Financial Management, MSMEs Performance

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in economic growth across many countries. Various nations actively support the development of MSMEs to boost their economies. Indonesia is one such country where MSMEs serve as a key driver of economic growth. Data indicates that MSMEs in Indonesia contribute over 60% or approximately IDR 8,573 trillion per year to the Gross Domestic Product (GDP) (Limanseto, 2022)

The performance of MSMEs currently faces significant challenges that threaten their sustainability. One major issue is the low level of financial literacy among MSME owners, resulting in unsystematic and incomplete financial record-keeping (Alamsyah & Safitri, 2024). Consequently, business owners struggle to access formal financing and make strategic financial decisions. Furthermore, despite the growing digitalization trend, many MSMEs have not yet fully adopted digital payment technologies (Mawarsari, 2023). A survey conducted by the National Research and Innovation Agency (BRIN) revealed that most Indonesian MSMEs remain at the "learner" level in digital readiness, reflecting limited understanding and use of digital technologies (Dewi, 2024). Additionally, Boni Pudjianto, Director of Digital Economy at the Ministry of Communication and Information Technology (Kominfo), stated that one of the primary challenges MSMEs face is their limited ability to adopt digital technology and difficulties in preparing digital financial reports (Prasetyo, 2023).

Performance evaluation assesses various activities within a company's value chain (Ferdian, 2022; Pratama et al, 2023). Business performance is generally measured by financial conditions—if a business maintains good financial health, its performance is considered strong (Ardiyani et al., 2021) Strong performance is the goal of all MSMEs. To survive, MSMEs must perform well in financial management, production, distribution, and marketing (Kasendah & Wijayangka, 2019).

Enhancing MSME performance is essential for economic growth in Indonesia, particularly in major cities like Surabaya. As one of Indonesia's main trade and business hubs, Surabaya presents significant opportunities to increase local revenue and develop various economic sectors (Hayati et al., 2024). However, according to Afifatur Rohimah, an MSME practitioner and observer, many MSMEs fail due to debt problems, which stem from prioritizing wants over needs. A major mistake among business owners is the lack of a proper financial system, leading to the mixing of capital with profits used for daily expenses (Indrasari, 2024).

Therefore, Surabaya plays a significant role in the regional economy, particularly in the Tenggilis Mejoyo District. Micro, Small, and Medium Enterprises (MSMEs) are prevalent and continuously growing in this area, contributing significantly to economic development and community empowerment (Ulfa & Azhar, n.d.). Although MSMEs in this district experienced a decline in sales due to the COVID-19 pandemic, they demonstrated resilience, adaptability, and strong motivation to overcome challenges (Maharani et al., 2023). Thus, Tenggilis Mejoyo District is an ideal location for this research due to its high concentration of MSMEs and the business owners' ability to adapt and sustain their business performance.

REVIEW OF LITERATURE

Digital Payment

Digital payment refers to the transition of transactions from offline to online systems as a result of technological innovations. This technology has transformed society's perception of cashless payment systems, providing convenience and security in conducting transactions (Kurniawan et al., 2023).

Financial Literacy

According to Santiara & Sinarwati (2023), financial literacy refers to the knowledge and skills required to manage finances effectively, enabling individuals to achieve a better and more prosperous future. Additionally, financial literacy encompasses the confidence and ability to manage money in a way that enhances decision-making and overall financial well-being (Widiawati, 2020).

Financial Management

In general, financial management refers to the activities of managing finances in daily life, carried out by individuals or groups, to achieve financial well-being (Santiara & Sinarwati, 2023).

MSMEs Performance

Performance is an evaluation activity conducted across various activities within a company's value chain. The assessment results serve as a reference for evaluation, indicating how well an organization executes its plans and identifying areas that require changes in planning and operational control (Ferdian, 2022).

Theory of Planned Behaviors

According to the Theory of Planned Behavior, behavioral intention influences an individual's actions. In turn, a person's behavioral intention is shaped by their attitude toward the behavior, subjective norms, and perceived behavioral control (Pebrina et al., 2021).

RESEARCH METHOD

This study employs a quantitative research method to analyze the performance of MSMEs in Tenggilis Mejoyo, Surabaya, influenced by digital payments, financial literacy, and financial management. The research subjects are MSME owners in Tenggilis Mejoyo, Surabaya. Data were collected from 1,420 MSMEs in the district, using a Likert scale for measurement. A total of 94 respondents were selected through incidental sampling. The study applies SEM-PLS for data analysis and hypothesis testing. The digital payment variable is measured using indicators such as perceived usefulness, perceived ease of use, and intention to use (Joan & Sitinjak, 2019). The financial literacy variable is assessed based on financial knowledge, financial behavior, and financial attitude (Chaidirl et al., 2020). The financial management variable includes four indicators: planning, recording, reporting, and control (Khadijah & Purba, 2020). The MSME performance variable consists of financial and non-financial dimensions, with key indicators including profit growth, customer growth, and sales growth (Kasendah & Wijayangka, 2019).

RESULTS AND DISCUSSION

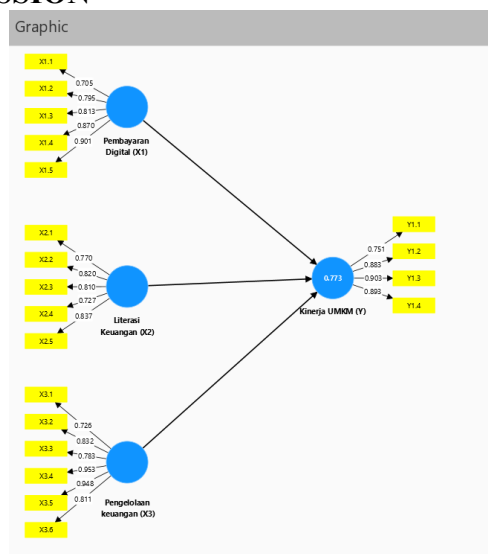


Figure 1.
PLS Algorithm

Figure 1 shows that the variables digital payment, financial literacy, financial management, and MSME performance have correlation values above 0.70, indicating an acceptable level of reliability and validity.

Measurement Model (Outer Model)

A measurable or observable variable represents a latent variable, which is assessed through a measurement model. The measurement model is evaluated before conducting structural model analysis. To assess the outer model, convergent validity of the indicators forming the latent construct, and composite reliability are used (Ghozali & Kusumadewi, 2023:93).

Table 1.
Average Variance Extracted (AVE)

Variable	Nilai Ave	Status
Digital Payments (X1)	0.671	Valid
Financial Literacy (X2)	0.630	Valid
Financial Management (X3)	0.716	Valid
MSMEs Performance (Y)	0.739	Valid

Based on Figure 2, all variable constructs meet the validity criteria. This is because the Average Variance Extracted (AVE) values for all variables are above 0.50, indicating that the data used in this study are valid.

Table 2.
Composite Reliability and Cronbach's alpha

Variable	Composite reliability	Cronbach's alpha
Digital Payments (X1)	0.910	0.875
Financial Literacy (X2)	0.895	0.852
Financial Management (X3)	0.938	0.919
MSMEs Performance (Y)	0.918	0.880

Based on Figure 3, all variable constructs are considered reliable if the composite reliability value is > 0.70 and the Cronbach's alpha value is > 0.50. The SmartPLS output confirms that all constructs meet these criteria, indicating high reliability for all variables.

Structural Model (Inner Model)

Table 3.
R-Squared

Variable	R squared	Adj R-squared
MSMEs Performance (Y)	0.773	0.765

Based on Figure 4, the R-Squared value indicates that 77.3% of MSME performance is influenced by digital payment, financial literacy, and financial management variables, while the remaining 22.7% is influenced by other variables not included in this study.

Table 4.
Hypothesis Test Result

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Digital Payments (X1) -> MSMEs Performance (Y)	0.162	0.162	0.1	1.626	0.104
Financial Literacy (X2) -> MSMEs Performance (Y)	0.275	0.273	0.087	3.157	0.002
Financial Management (X3) -> MSMEs Performance (Y)	0.505	0.509	0.096	5.247	0

The hypothesis testing was conducted using the bootstrapping method on the sample to evaluate the statistical significance of the proposed relationships.

The Influence of Digital Payment on MSME Performance

Based on the research findings, the performance of MSMEs in Tenggilis Mejoyo District, Surabaya, is not significantly influenced by digital payment adoption. This may occur due to several factors, such as obstacles in implementation that reduce its direct impact or the possibility that digital payment adoption has not been fully optimized. Thus, although digital payment is perceived as beneficial, the results may reflect market expectations rather than the actual experiences of digital payment users. This finding aligns with the Theory of Planned Behavior, which suggests that fintech payment users possess strong control beliefs,

leading to a high perception of usefulness and interest in using fintech payment services (Antika et al., 2023).

However, this study's findings contradict those of Asisa et al. (2022) which stated that the ease of digital payments contributes to the performance of small and medium-sized enterprises (SMEs). Every business owner aims for smooth operations, and leveraging advanced technology for electronic payments is considered a key factor in MSME growth.

The Influence of Financial Literacy on MSME Performance

Based on the research findings, the performance of MSMEs in Tenggilis Mejoyo District, Surabaya, is significantly influenced by financial literacy. Financial literacy refers to the understanding of financial concepts, information, skills, and attitudes necessary for making wise financial decisions and achieving financial well-being. MSME performance can be improved through financial literacy, as business owners with a strong financial understanding are better prepared to manage their businesses effectively and ensure long-term sustainability. According to the Theory of Planned Behavior, an individual's intention to enhance their financial knowledge can influence their financial decision-making. This, in turn, provides opportunities for their business to improve performance.

These findings align with previous research by Sari & Widodo (2022), which stated that financial literacy has a positive impact on the performance of micro, small, and medium enterprises (MSMEs).

The Influence of Financial Management on MSME Performance

Based on the research findings, the performance of MSMEs in Tenggilis Mejoyo District, Surabaya, is significantly influenced by financial management. Effective financial management is essential for maintaining business sustainability and expanding operations (Martono & Febriyanti, 2023). Similarly, for micro, small, and medium enterprises (MSMEs), proper financial management has a positive impact on business performance.

Good financial management for MSMEs involves planning, recording, reporting, and controlling finances effectively. These practices help in decision-making, improve operational efficiency, and minimize business risks. Therefore, implementing financial management consistently and effectively is crucial for MSME development and performance improvement. According to the Theory of Planned Behavior, attitude, personality, and emotional traits influence self-control in financial management. The better an individual manages their finances, the greater their self-control.

These findings are consistent with the research by Martono & Febriyanti (2023), which states that financial management contributes to MSME performance. Proper financial management is essential for achieving high-quality business outcomes. Therefore, managing finances should be a priority for MSMEs to maintain high performance levels while expanding their business activities.

CONCLUSION

Based on the research conducted on the influence of digital payments, financial literacy, and financial management on the performance of MSMEs in Tenggilis Mejoyo District, Surabaya, it can be concluded that MSME performance is not influenced by digital payments. However, financial literacy and financial management have a significant impact on MSME performance.

REFERENCES

- Alamsyah, L., & Safitri, F. (2024). The Influence of Service Quality, Promotions, and Ease of Use of BSI Mobile on the Interest of Generation Z Students at The Faculty of Sharia IKHAC Mojokerto. *Danadyaksa: Post Modern Economy Journal*, 1(2), 94–109. <https://doi.org/10.69965/danadyaksa.v1i2.27>
- Antika, Z. R., Rusmana, O., & Widianingsih, R. (2023). Analisis Determinasi Minat dan Penggunaan Financial Technology Payment Menggunakan Theory of Planned Behavior: Studi pada Mahasiswa Unsosd. *Jurnal Ilmu Siber Dan Teknologi Digital*, 1(2), 111–124. <https://doi.org/10.35912/jisted.v1i2.2097>
- Ardiyani, K., Syafnita, S., & Aadila, L. (2021). Peningkatan Kinerja UMKM Ditinjau dari Model Pengelolaan Keuangan, SDM, Strategi Pemasaran, Dukungan Pemerintah, dan Umur Usaha. *Jurnal Ekonomi Dan Bisnis*, 24(02). <https://jurnal.unikal.ac.id/index.php/jebi/article/view/1581/1076>
- Asisa, W., Aulia, P., Dalianti, N., & Handa, Y. R. (2022). Pengaruh Pemahaman Literasi Keuangan dan Kemudahan Digital Payment terhadap Kinerja UMKM di Kota Makassar. 3(1). <https://jurnal.iainsalatiga.ac.id/index.php/dinamika/article/download/91/45>
- Chaidirl, T., S. I. A. P., Arini, G. A., & Ismiwati, B. (2020). Determinan Literasi Keuangan pada Pelaku Usaha Mikro, Kecil, dan Menengah (UMKM) di Kota Mataram. *Elastisitas – Jurnal Ekonomi Pembangunan*, 2(1). <https://elastisitas.unram.ac.id/index.php/elastisitas/article/view/15/24>
- Dewi, B. K. (2024, February 15). *Survei Ungkap Kesiapan Digital Pelaku UMKM Level Pembelajaran*. Kompas.Com. <https://umkm.kompas.com/read/2024/02/15/214941483/survei-ungkap-kesiapan-digital-pelaku-umkm-indonesia-masih-di-level-pembelajar>
- Ferdian, T. (2022). Faktor yang Mempengaruhi Kinerja Usaha Mikro Kecil dan Menengah (UMKM) di Kabupaten Tebo, Jambi. *Ad--Deenar: Jurnal Ekonomi Dan Bisnis Islam*, 6(001). <https://doi.org/https://doi.org/10.30868/ad.v6i001.3571>
- Ghozali, I., & Kusumadewi, K. A. (2023). *Partial Least Squares Konsep, Teknik dan Aplikasi Menggunakan Program SmartPLS 4.0* (1st ed.). Yoga Pratama.
- Hayati, S., Wiani, I., Nana, D. B., Hidayat, R., & Ikaningtyas, M. (2024). Perencanaan dan Pengembangan Bisnis UMKM Menuju Era Digital Melalui Platform E-Peken di Kota Surabaya. *Jurnal Ilmiah Multidisiplin*, 1(4), 1–11. <https://doi.org/10.62017/merdeka>
- Indrasari, Y. (2024, January 13). *Strategi Keuangan Bagi Pelaku UMKM*. Radion Republik Indonesia. <https://rri.co.id/index.php/keuangan/514370/strategi-keuangan-bagi-pelaku-umkm>
- Joan, L., & Sitinjak, T. (2019). Pengaruh Persepsi Kebermanfaatan dan Persepsi Kemudahan terhadap Minat Penggunaan Layanan Pembayaran Digital GO-PAY. *Jurnal Manajemen*, 8(2). <https://jurnal.kwikkiangie.ac.id/index.php/JM/article/view/596/372>
- Kasendah, B. S., & Wijayangka, C. (2019). Pengaruh Literasi Keuangan Terhadap Kinerja UMKM. *Alamana: Jurnal Manajemen Dan Bisnis*, 3(1). <http://journalfeb.unla.ac.id/index.php/almana/article/view/459/396>
- Khadijah, K., & Purba, N. M. B. (2020). Peran Pengelolaan Keuangan Bagi UMKM di Kota Batam. *Sniestek*, 3. <https://ejournal.upbatam.ac.id/index.php/prosiding/article/view/3618/1644>

- Kurniawan, E., Sardini, S., Wulandari, C. H., & Silalahi, P. R. (2023). Analisis Minat Penggunaan Digital Payment di Kota Medan. *MRI: Jurnal Manajemen Riset Inovasi*, 1(1), 234–247. <https://download.garuda.kemdikbud.go.id/article.php?article=3461326&val=30254&title=Analisis%20Minat%20Penggunaan%20Digital%20Payment%20di%20Kota%20Medan>
- Limanseto, H. (2022, March 8). *Dukung UMKM Naik Kelas, Pemerintah Dorong Transformasi Ekonomi Berbasis Digital dan Tingkatkan Dukungan Pembiayaan*. Kementerian Koordinator Bidang Perekonomian Republik Indonesia. <https://www.ekon.go.id/publikasi/detail/3902/dukung-umkm-naik-kelas-pemerintah-dorong-transformasi-ekonomi-berbasis-digital-dan-tingkatkan-dukungan-pembiayaanJakarta>
- Maharani, P., Yuliati, N., & Laily, D. W. (2023). Motivasi Pelaku Usaha Agroindustri Makanan Minuman Skala Kecil (Usaha Mikro Kecil Menengah Kecamatan Tenggilis Mejoyo Kota Surabaya). *Jurnal MeA (Media Agribisnis)*, 8(2), 97. <https://doi.org/10.33087/mea.v8i2.177>
- Martono, S., & Febriyanti, R. (2023). Pengaruh Inklusi Keuangan, Literasi Keuangan dan Pengelolaan Keuangan Terhadap Kinerja UMKM di Kota Salatiga. *JURNAL EKONOMI PENDIDIKAN DAN KEWIRAUSAHAAN*, 11(2), 153–168. <https://doi.org/10.26740/jepk.v11n2.p153-168>
- Mawarsari, M. A. (2023, April 6). *Tren Digitalisasi UMKM di Indonesia 2023: Tantangan dan Peluang*. Dailysocial.Id. <https://dailysocial.id/post/tren-digitalisasi-umkm-di-indonesia-2023-tantangan-dan-peluang>
- Pebrina, E. T., Sasono, I., Hutagalung, D., Riyanto, R., & Asbari, M. (2021). Adopsi E-Commerce oleh Umkm di Banten: Analisis Pengaruh Theory Of Planned Behavior. *EDUKATIF: JURNAL ILMU PENDIDIKAN*, 3(6), 4426–4438. <https://doi.org/10.31004/edukatif.v3i6.1484>
- Prasetyo, W. B. (2023, December 3). *Ini 4 Kendala yang Hambat Perkembangan UMKM di Pasar Digital*. Berita Satu. <https://www.beritasatu.com/ekonomi/2784693/ini-4-kendala-yang-hambat-perkembangan-umkm-di-pasar-digital>
- Pratama, D., Nurwani, N., & Samri Juliati Nasution, Y. (2023). The Effect of Understanding of Financial Literacy and Ease of Digital Payment on the Continuity of Msmes in the Digitalization Era. *Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)*, 6(2), 618-638. <https://doi.org/10.31538/ijse.v6i2.3468>
- Santiara, I. M., & Sinarwati, N. K. (2023). Pengaruh Literasi Keuangan terhadap Pengelolaan Keuangan UMKM di Kecamatan Tejakula. *CAPITAL: Jurnal Ekonomi Dan Manajemen*, 6(2), 349. <https://doi.org/10.25273/capital.v6i2.14514>
- Sari, R. W., & Widodo, S. (2022). Pengaruh Literasi Keuangan, Modal Manusia, dan Financial Technology Terhadap Kinerja UMKM di Kabupaten Sleman. *Jurnal Ekonomi Dan Bisnis*, 11(2). <https://stiemuttaqien.ac.id/ojs/index.php/OJS/issue/view/21>
- Ulfa, N. F., & Azhar, R. M. (n.d.). *Peningkatan Efisiensi Administrasi dengan Implementasi Perangkat Digital OSS dalam Pembuatan Nomor Induk Berusaha pada UMKM Menyenk*. <https://ejurnal.kampusakademik.co.id/index.php/japm/article/view/1083/968>

Widiawati, M. (2020). Pengaruh Literasi Keuangan, Locus of Control, Financial Self-Efficacy, dan Love Of Money Terhadap Manajemen Keuangan Pribadi. *Prisma (Platform Riset Mahasiswa Akuntansi)*, 01(01).
<https://ojs.stiesia.ac.id/index.php/prisma>