

THE INFLUENCE OF FINANCIAL LITERACY, MOBILE BANKING, AND FINANCIAL MANAGEMENT ON THE FINANCIAL PERFORMANCE OF MSMEs IN MELAWI REGENCY



Tria Ardika¹

Universitas Muhammadiyah Pontianak, Pontianak, Indonesia

triaardika59@gmail.com

Heni Safitri²

Universitas Muhammadiyah Pontianak, Pontianak, Indonesia

heni.safitri@unmuhpnk.ac.id

Abstract

Banking and Financial Management on the Financial Performance of Micro, Small, and Medium Enterprises (MSMEs) in Melawi Regency. This research uses a quantitative approach with survey methods to collect data from MSME owners in the area. The focus of the research is to explain and identify the association between financial literacy, use of Mobile Banking services, financial management, and financial performance of MSMEs. Data was collected through questionnaires distributed to selected samples of MSME owners in Melawi Regency. Regression analysis is used to evaluate the extent to which financial literacy, mobile banking, and financial management variables can explain variations in MSME financial performance. The research results are expected to contribute to understanding the impact of financial literacy, use of Mobile Banking, and financial management on the financial performance of MSMEs. It is hoped that these findings will provide valuable information for business people, financial institutions and local governments in designing more effective MSME development strategies in Melawi Regency. This research confirms that financial literacy, mobile banking and financial management have an important role in supporting the growth and sustainability of MSMEs, with the implication that increasing financial understanding and adaptation to banking technology can improve the financial performance of MSMEs at the local level.

Keywords: Financial Literacy, Mobile Banking, Financial Management, MSME Financial Performance

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in Indonesia's economic sector. They contribute significantly to job creation, reduce unemployment rates, and improve community welfare. Additionally, MSMEs support economic diversification and national economic resilience. Strengthening MSMEs is a strategic approach to enhancing Indonesia's economy, recognizing the potential of local communities, and introducing Indonesian products to international markets.

Sustainable development and empowerment are essential to improving MSMEs, enabling them to grow in both quantity and quality while increasing their competitiveness. This ensures that MSMEs bring substantial benefits to Indonesia's economy. Currently, approximately 64.2 million MSMEs operate in Indonesia, contributing over 60% to the country's GDP and absorbing 97% of the total national workforce. MSMEs have proven their vital role in sustaining the national economy, particularly during financial crises, including the economic downturn caused by the COVID-19 pandemic (www.bi.go.id, 2022).

Recapitulation of Micro, Small, and Medium Enterprises in Melawi Regency (2022)

No	Category	Total
1	Micro Enterprises	6,179
2	Small Enterprises	115
3	Medium Enterprises	6
Total		6,300
Source:	Melawi Regency Trade, Cooperatives, and MSME Office, 2022	

According to data from the Department of Cooperatives, MSMEs, and Trade, Melawi Regency recorded a total of 6,300 MSMEs, comprising 6,179 micro enterprises, 115 small enterprises, and 6 medium enterprises. MSMEs play a vital role in supporting the economic sector in West Kalimantan Province. Based on an interview with a Cooperative Advisory Staff at the Department of Cooperatives in Melawi Regency, many small MSMEs utilize bank transfers or mobile banking for transactions. Therefore, this study focuses on small MSMEs in Melawi Regency.

The economy in West Kalimantan has also been impacted by increased unemployment due to layoffs and the operational difficulties faced by MSMEs. Despite these challenges, MSMEs remain a crucial sector for the province's economic stability, with 19,503 MSMEs recorded by the West Kalimantan Provincial Department of Cooperatives and MSMEs. Specifically, Melawi Regency has documented 6,300 MSMEs.

MSMEs must adapt to the digital era to remain competitive. Utilizing modern information technology allows MSMEs to enhance operational efficiency, reach broader markets, and provide better services to customers. Understanding and utilizing online platforms, e-commerce, social networks, and digital payment tools are essential for keeping up with industry trends. This digital transformation helps MSMEs maintain competitiveness and grow in an increasingly digital business environment.

Technological advancements have also influenced financial transactions. According to Bank Indonesia (BI), in April 2023, the total value of domestic digital banking transactions reached IDR 4,264.8 trillion (approximately IDR 4.3 quadrillion). Financial management plays a crucial role in improving MSME performance. Accounting serves as the primary tool for managing MSME finances, enabling businesses to monitor financial health, make informed decisions, and achieve sustainable growth.

Financial mismanagement is one of the major challenges for MSMEs. Poor financial management can hinder performance and limit access to funding. Effective financial management methods, such as minimizing costs, budgeting, monitoring cash flow, and tracking income and expenses, help MSMEs prevent financial losses and ensure business continuity.

Entrepreneurs often follow the business paths of those around them without realizing the importance of proper financial planning and management. A well-structured financial strategy ensures business sustainability, even in times of crisis. MSME owners must recognize that financial management, including savings, investments, and future financial planning, is essential for smooth and optimal business operations.

MSME performance is closely linked to financial literacy, technological adaptation, and financial management. Business performance reflects how MSMEs manage their resources to generate profits and expand operations. Measuring financial performance is crucial for evaluating opportunities, progress, and business success.

According to Lestari et al. (2020), financial performance indicates a company's success based on the outcomes of its various activities. Thus, business performance represents the level of achievement attained over a specific period due to business activities.

Several studies highlight the importance of financial literacy, Hansari et al. (2023) and Mirdiyantika et al. (2023) found that financial literacy has a significant positive impact on financial performance, demonstrating that respondents' financial knowledge influences their financial management. Wijaya & Sri (2023) conducted a study on mobile banking, revealing that ease of use significantly affects MSME performance. Herdatani & Lestari (2021) and Daud et al. (2023) found that financial management has a direct impact on MSME performance. The higher the level of financial management, the better the financial performance of MSMEs.

Integrating financial literacy, digital adaptation, and effective financial management is essential for MSME success. These factors collectively contribute to sustainable growth and improved business performance in an increasingly competitive digital economy. Many entrepreneurs tend to follow the practices of those around them without realizing that running a business requires careful planning and sound financial management to ensure smooth operations. Even when problems arise, proper financial management allows MSMEs to address challenges without jeopardizing their businesses.

Thus, MSME actors must understand and implement financial management strategies, including savings, investments, and financial planning, to maintain smooth business operations and achieve sustainable growth. MSMEs can thrive when key factors such as financial literacy, knowledge, attitudes, and financial performance are taken into account.

REVIEW OF LITERATURE

Financial Literacy

Financial literacy refers to an individual's ability to understand and manage financial matters effectively. According to Lusardi and Mitchell (2014), financial literacy encompasses knowledge of basic financial concepts such as budgeting, saving, investing, and debt management. For MSME owners, high financial literacy enables better decision-making regarding resource allocation, cost control, and risk management. Prior studies, including Hansari et al. (2023) and Mirdiyantika et al. (2023), found that financial literacy significantly impacts the financial performance of MSMEs. MSMEs with better financial knowledge tend to plan and execute financial activities more efficiently, leading to improved business outcomes.

Mobile Banking

Mobile banking is a digital financial service that allows users to conduct financial transactions through mobile devices. According to Wijaya and Sri (2023), the ease of use and accessibility of mobile banking can increase MSME operational efficiency and customer satisfaction. Mobile banking also supports real-time monitoring of business finances and enhances financial discipline among MSME owners. As digital adoption grows, mobile banking becomes increasingly relevant for MSMEs to stay competitive in the digital economy.

Financial Management

Financial management involves the planning, organizing, directing, and controlling of financial activities. Herdatani and Lestari (2021) emphasize that effective financial management is essential for MSMEs to sustain their operations and achieve profitability. Key aspects include budgeting, cash flow monitoring, and expense tracking. Daud et al. (2023) also noted that MSMEs with strong financial management practices perform better financially. These practices help prevent business failure due to poor fund allocation and financial oversight.

Financial Performance of MSMEs

Financial performance reflects how well a business uses its assets to generate revenues and profits. It is a critical indicator of business success and sustainability. Lestari et al. (2020) define financial performance as the measurable result of an enterprise's activities, such as profitability, liquidity, and solvency. MSMEs with strong financial performance can grow, access external funding, and adapt to economic changes.

Theoretical Framework

This study is supported by the Resource-Based View (RBV) theory, which posits that internal resources such as knowledge, skills, and financial management capabilities contribute to a firm's competitive advantage. In the context of MSMEs, financial literacy, digital financial service adoption (mobile banking), and strong financial management practices are internal resources that can improve financial performance. When MSMEs utilize these resources effectively, they are more likely to achieve sustainable growth.

RESEARCH METHOD

Based on its type, this research is quantitative, utilizing a survey method with an associative explanatory level. Data collection in this study involves primary data obtained

through questionnaire distribution and secondary data gathered from journals, articles, internet media, and books related to the research topic. The population in this study focuses on small MSMEs, with a total of 115 respondents. The sample consists of 115 respondents, selected using the probability sampling method through saturated sampling. Saturated sampling is a technique where all members of the population are used as the sample (Sugiyono, 2015:84). Measurements in this study use the Likert scale.

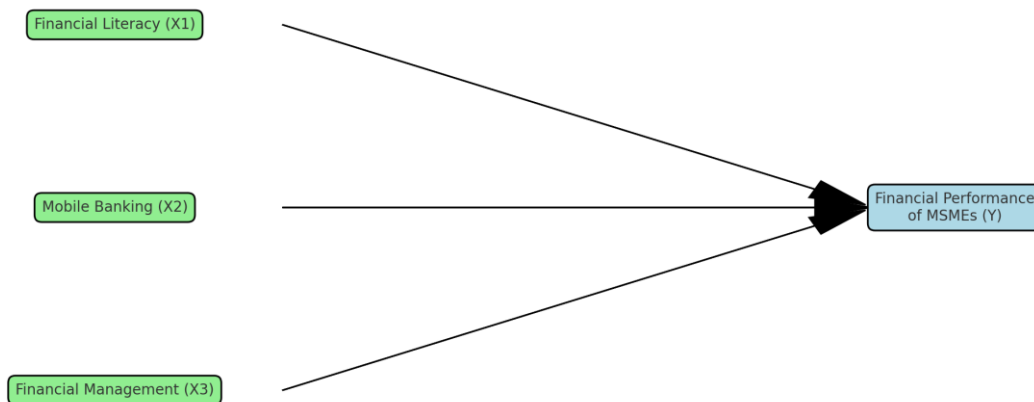
Research Hypothesis

Based on the theoretical review and framework, the hypotheses of this study are formulated as follows:

- a. **H1:** Financial literacy has a positive and significant effect on the financial performance of MSMEs.
- b. **H2:** Mobile banking has a positive and significant effect on the financial performance of MSMEs.
- c. **H3:** Financial management has a positive and significant effect on the financial performance of MSMEs.
- d. **H4:** Financial literacy, mobile banking, and financial management simultaneously have a positive and significant effect on the financial performance of MSMEs.

Research Model

This research model describes the relationship between independent variables



This research model illustrates the effect of independent variables on the dependent variable, namely the financial performance of MSMEs.

1. Financial Literacy (X1) → Financial Performance (Y)
Financial literacy represents the fundamental knowledge and skills required to manage business finances. MSME owners with higher financial literacy are able to make better decisions regarding budgeting, saving, investment, and debt management, which in turn enhances financial performance.
2. Mobile Banking (X2) → Financial Performance (Y)
Mobile banking provides MSME owners with convenient, efficient, and secure financial services. By facilitating real-time transactions and financial monitoring, mobile banking improves operational efficiency, cash flow management, and financial discipline, ultimately strengthening MSME financial performance.
3. Financial Management (X3) → Financial Performance (Y)

Financial management involves planning, organizing, and controlling financial resources. Effective financial management helps MSMEs allocate resources properly, reduce unnecessary costs, and minimize financial risks, which positively impacts their financial performance.

4. Simultaneous Influence ($X_1, X_2, X_3 \rightarrow Y$)

Collectively, financial literacy, mobile banking, and financial management serve as critical internal resources as described by the Resource-Based View (RBV) theory. When these resources are effectively utilized, MSMEs can achieve sustainable growth and improved financial performance.

RESULTS AND DISCUSSION

Validity Test

Validity refers to a research instrument that is considered capable of producing valid data if the instrument measures what it is supposed to measure (Asra, 2015:143). The significance is determined by comparing the calculated r-value (r_{hitung}) with the table r-value (r_{tabel}). If r_{hitung} is greater than r_{tabel} and positive, then the question item or indicator is deemed valid (Ghozali, 2013:53).

Reliability Test

According to Sujarweni (2014:197), "reliability testing can be performed collectively on all questionnaire items." The criteria for decision-making in reliability testing are as follows:

- a) If the Cronbach's Alpha value > 0.60 , the questionnaire is considered reliable or consistent.
- b) If the Cronbach's Alpha value < 0.60 , the questionnaire is deemed unreliable or inconsistent.

Classical Assumption Tests

Normality Test

According to Sujarweni (2019:52), "The normality test aims to determine the distribution of data in the variables used in the research. Good and suitable data for research should follow a normal distribution." The decision-making criteria for the normality test (Sujarweni, 2019:55) are:

- a) If $\text{Sig} > 0.05$, the data is normally distributed.
- b) If $\text{Sig} \leq 0.05$, the data is not normally distributed.

Multicollinearity Test

The purpose of the multicollinearity test is to check whether there is a correlation between independent variables in the regression model. If a correlation exists, it may cause multicollinearity issues. The test is assessed through the Tolerance and Variance Inflation Factor (VIF) values, with the criteria:

- a. Tolerance value > 0.1 or VIF < 10 (Ghozali, 2013).

Linearity Test

According to Ghozali (2013:94), "The linearity test is used to determine whether two variables have a linear relationship." The **Test for Linearity** is conducted at a 0.05 significance level. Two variables are considered to have a linear relationship if the significance value (Linearity) is < 0.05 .

Multiple Linear Regression Analysis

The purpose of multiple regression analysis is to determine the extent to which independent variables influence the dependent variable, as well as to identify the direction and magnitude of each independent variable's effect on the dependent variable (Ghozali, 2018). The general equation for multiple regression is:

$$Y = a + b_1X_1 + b_2X_2 + X_3 + e$$

d. Correlation Coefficient (R)

For interpretation, the following criteria are used:

Correlation Value	Relationship Strength
0.00 – 0.199	Very Weak
0.20 – 0.399	Weak
0.40 – 0.599	Moderate
0.60 – 0.799	Strong
0.80 – 1.000	Very Strong

(Source: Siregar, 2015:337)

Coefficient of Determination (R²)

There are two types of the coefficient of determination: the regular determination coefficient and the adjusted R-square. The R-value ranges between 0 and 1. An R-value close to 1 indicates a strong ability of the independent variables to explain the variation in the dependent variable, whereas an R-value close to 0 indicates limited explanatory power (Sujarweni, 2019).

F-Test

According to Ghozali (2013:96), "The F-test essentially determines whether all independent variables included in the model collectively influence the dependent variable." The analysis criteria are:

1. If the significance value (Sig.) > 0.05, H₀ is accepted, and H_a is rejected.
2. If the significance value (Sig.) ≤ 0.05, H₀ is rejected, and H_a is accepted.

t-Test

According to Ghozali (2013:77), "The t-test essentially examines the explanatory power of independent variables individually in explaining the dependent variable's variation." The t-test is used to determine the partial effect of each independent variable. The decision-making criteria are:

1. If t_{hitung} < 0.05, H₀ is rejected, and H_a is accepted.
2. If t_{hitung} > 0.05, H₀ is accepted, and H_a is rejected.

Validity Test

In this validity test assessment, the criterion is a significance level (α) of 0.05. If the calculated r-value (r count) is greater than the table r-value (r table), the instrument or statement is considered valid. Conversely, if the significance level (α) is 0.05 and the calculated r-value is less than the table r-value, the instrument or statement is considered

invalid. The r count value can be found in the SPSS output under the "Corrected Item-Total Correlation" column, while the r table value can be calculated using the formula $df = n - 2$ with a significance level of 0.05. In this case, $df = 115 - 2 = 113$, resulting in an r table value of 0.183.

Normality Test

This normality test aims to determine whether the data distribution in the variables used in the research is normal. Data that is suitable for research should have a normal distribution. The normality test in this study is conducted using the Kolmogorov-Smirnov test, where data is considered normal if the significance value is greater than 0.05 (Sujarweni, 2019:55).

Kolmogorov-Smirnov Normality Test Results

N	Mean	Std. Deviation	Absolute	Positive	Negative	Test Statistic	Asymp. Sig. (2-tailed)
115	0.0000000	1.39098445	0.064	0.064	-0.039	0.064	0.200

Based on the table above, the Kolmogorov-Smirnov value is $0.200 > 0.05$, indicating that the research data is normally distributed.

Multicollinearity Test

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Collinearity Statistics
	B	Std. Error	Beta		
1 (Constant)	17.636	2.278		7.741	0.000
Financial Literacy	0.062	0.057	0.113	1.085	0.280
Mobile Banking	0.001	0.049	0.002	0.019	0.985
Financial Management	0.211	0.062	0.344	3.385	0.001

Source: Processed primary data (2024)

The test results indicate that there is no multicollinearity problem for each variable because the Tolerance values for financial literacy, mobile banking, and financial management are all greater than 0.1, and the VIF values are all less than 10. Thus, it can be concluded that none of the variables has a multicollinearity issue.

Multiple Linear Regression Analysis

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
1 (Constant)	17.636	2.278		7.741
Financial Literacy	0.062	0.057	0.113	1.085
Mobile Banking	0.001	0.049	0.002	0.019
Financial Management	0.211	0.062	0.344	3.385

Source: Processed primary data (2024)

From the table above, the constant (α) value is 17.636. The regression coefficient (β) for financial literacy is 0.062, for mobile banking is 0.001, and for financial management is 0.211. Therefore, the multiple linear regression equation is:

$$Y = 17.636 + 0.062X_1 + 0.001X_2 + 0.211X_3 + e$$

1. The financial performance constant (Y) is 17.636, meaning that if X1, X2, and X3 (financial literacy, mobile banking, and financial management) are zero, financial performance is 17.636.
2. The coefficient for X1 (financial literacy) is 0.062, meaning that an increase of 1 unit in financial literacy leads to a 0.062 increase in financial performance, and vice versa.
3. The coefficient for X2 (mobile banking) is 0.001, indicating that a 1-unit increase in mobile banking results in a 0.001 increase in financial performance, and vice versa.
4. The coefficient for X3 (financial management) is 0.211, meaning that a 1-unit increase in financial management leads to a 0.211 increase in financial performance, and vice versa.

F-Test Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	46.002	3	15.334	7.717	0.000
Residual	220.572	111	1.987		
Total	266.574	114			

Source: Processed primary data (2024)

Hypothesis Testing:

The significance value for financial literacy (X1), mobile banking (X2), and financial management (X3) on financial performance (Y) is $0.000 < 0.05$, with an F value of $7.717 >$ the F table value of 2.69. This means H01 is rejected and Ha1 is accepted, proving that financial literacy, mobile banking, and financial management significantly influence the financial performance of MSMEs in Melawi Regency.

T-Test Results

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Error	Beta	
1 (Constant)	17.636	2.278		7.741
Financial Literacy	0.062	0.057	0.113	1.085
Mobile Banking	0.001	0.049	0.002	0.019
Financial Management	0.211	0.062	0.344	3.385

Source: Processed primary data (2024)

Hypothesis Testing:

The significance value for financial literacy (X1) on financial performance (Y) is $0.280 > 0.05$, with a t-value of $1.085 < 1.981$, meaning H01 is accepted and Ha1 is rejected. Thus, financial literacy does not significantly affect MSME financial performance in Melawi Regency.

The significance value for mobile banking (X2) on financial performance (Y) is $0.985 > 0.05$, with a t-value of $0.019 < 1.981$, meaning H01 is accepted and Ha1 is rejected. Thus,

mobile banking does not significantly affect MSME financial performance in Melawi Regency.

The significance value for financial management (X3) on financial performance (Y) is $0.001 < 0.05$, with a t-value of $3.385 > 1.981$, meaning H_0 is rejected and H_a is accepted. Thus, financial management significantly affects MSME financial performance in Melawi Regency.

Overall, financial literacy and mobile banking do not significantly impact MSME financial performance in Melawi Regency, as most MSMEs prefer cash transactions and do not rely on financial literacy. However, financial management has a significant influence since MSMEs prioritize financial management to monitor cash flow and prevent business risks.

CONCLUSION

The purpose of this study is to determine the influence of Financial Literacy, Mobile Banking, and Financial Management on the Financial Performance of MSMEs in Melawi Regency. These factors include the financial understanding and skills of MSME actors in Melawi Regency, demonstrating the extent to which the use of banking services via mobile devices can affect MSME financial performance. This factor also includes the ability to manage and regulate MSME finances.

This study focuses on MSMEs in Melawi Regency, highlighting that the findings can provide specific insights into the region's economic and financial conditions. The research is relevant in supporting MSME development in Melawi Regency by offering a better understanding of the factors that influence their financial performance.

The findings of this study can provide valuable information for the government, financial institutions, and MSME actors in designing policies or programs that support the improvement of financial literacy, mobile banking utilization, and financial management among MSMEs. Moreover, these findings can serve as a foundation for further research to explore in greater depth the relationship between financial literacy, mobile banking, financial management, and MSME financial performance.

REFERENCES

- Daud, A. u., Niswatin, & Taruh, v. (2023). pengaruh literasi keuangan dan pengelolaan keuangan terhadap kinerja keuangan. *jurnal mirai management*, 634-646.
- Ghozali, I. (2011). Aplikasi Analisis Multivariat dengan Program SPSS. Semarang: Badan Penerbit Universitas Diponegoro.
- Ghozali, I. (2013). Aplikasi Analisis Multivariate dengan Program IBM SPSS 21. Badan Penerbit Universitas Diponegoro.
- Hansari, a., Rinofah, r., & Sari, p. p. (2023). pengaruh literasi keuangan, pengetahuan keuangan, dan sikap keuangan terhadap kinerja keuangan pada pelaku UMKM Bisnis online bantul. *jurnal of economic and businnes*, 443-450.
- Herdatani, V. w., & Lestari, d. (2021). Pengaruh Inklusi Keuangan dan Pengelolaan Keuangan Terhadap Kinerja UMKM sektor kuliner di Jakarta Timur. *Jurnal Bisnis dan Komunikasi*, 19-31.
- Jubaedah siti & Destiana rina, Kinerja keuangan usaha mikro dan menengah di Kabupaten Cirebon sebelum dan sesudah mendapatkan pembiayaan syariah, (2016).

- Khadijah, & Purba, N. M. (2021). Analisis Pengelolaan Keuangan Pada UMKM Di Kota Batam. *Owner Riset dan Jurnal Akuntansi*, 51-59.
- Katadata.co.id, Transaksi digital Banking di Indonesia tumbuh 158% dalam 5 tahun terakhir , (2023).
- lestari, d. a., purnamasari, e. d., & setiawan, b. (2020). pengaruh payment Gateway terhadap kinerja keuangan UMKM. *jurnal bisnis, manajemen, dan ekonomi*, 1-10.
- Latifiana, D. (2017). Studi Literasi Keuangan pengelola usaha kecil menengah (UKM). *Jurnal FKIP.unc.ac.id*, 1-7.
- Mirdiyantika, A., Indriasari, I., & Meiriyanti, R. (2023). pengaruh literasi keuangan ,inklusi keuangan , dan financial technology terhadap peningkatan kinerja umkm di kecamatan Bulakamba. *Jurnal Riset Manajemen dan Ekonomi*, 30-47.
- Nella, Data DinasS UMKM per 31 Desember 2022 Diskumdag Kab.Melawi.
- Otoritas Jasa Keuangan. (2017). Revisit Strategi Nasional Literasi Keuangan Indonesia. OJK.
- Siregar, Syofian. 2017. Metode Penelitian Kuantitatif Dilengkapi Dengan Perbandingan Perhitungan Manual & SPSS. Edisi Pertama. Penerbit Kencana, Jakarta.
- Sujarweni, W. V. (2014). Metodologi Penelitian: Lengkap, Praktis dan Mudah Dipahami. Yogyakarta: Pustaka Baru Press.
- Sujarweni, V. Wiratna. 2019. SPSS Untuk Penelitian. Penerbit Pustaka Baru Press, Yogyakarta.
- Sugiyono.(2015). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Bandung: Alfabeta.
- Sugiyono. (2018). *Metode penelitian kuantitatif*. bandung: alfabeta.
- Sugiyono. (2017). Metode Penelitian Bisnis (Pendekatan Kuantitatif, Kualitatif, Tirtana, Irwan., dan Shinta Permata Sari. 2014. Analisis Pengaruh Persepsi Kebermanfaatan, Persepsi Kemudahan, Persepsi Kepercayaan terhadap Penggunaan Mobile Banking. *Jurnal Akuntansi. Kombinasi dan R&B*). Bandung: Alfabeta.
- Wijaya, Patricia Jessica, Sri, Dewi, (2023), Pengaruh Persepsi Kebermanfaatan, Persepsi Kemudahan, Dan Persepsi Risiko Terhadap Minat Penggunaan Mobile Banking Pada Umkm Di Kota Palembang. *Jurnal Informasi Akuntansi*, 1-18.