THE EFFECT OF FINANCIAL LITERACY, FINANCIAL INCLUSION, AND THE ABILITY TO PREPARE FINANCIAL STATEMENTS ON THE FINANCIAL PERFORMANCE OF MSMEs IN THE TRADE SECTOR IN PONTIANAK

Sarwawan Hidayat[1]
Universitas Muhammadiyah Pontianak, Pontianak, Indonesia
awan77001@gmail.com

Fuad Ramdhan Ryanto[2]
Universitas Muhammadiyah Pontianak, Pontianak, Indonesia
fuad_ryantoak@yahoo.com

Abstract

This study aims to analyze the effect of financial literacy, financial inclusion, and the ability to prepare financial statements on the financial performance of MSMEs in the trade sector in Pontianak City. This study employs a quantitative approach with an associative research design. The sampling technique used was purposive sampling, involving 150 MSME actors as respondents. Primary data were collected through the distribution of questionnaires using a five-point Likert scale and subsequently analyzed using multiple linear regression after passing validity tests, reliability tests, and classical assumption tests. The results of the analysis indicate that partially, financial literacy does not have a significant effect on the financial performance of MSMEs. In contrast, financial inclusion and the ability to prepare financial statements have a positive and significant effect on the financial performance of MSMEs. Simultaneously, financial literacy, financial inclusion, and the ability to prepare financial statements have a significant effect on the financial performance of MSMEs. The correlation coefficient (R) value of 0.758 indicates a strong relationship between the independent variables and the dependent variable, while the coefficient of determination (R^2) value of 0.575 indicates that 57.5% of the variation in MSME financial performance can be explained by the three variables, while the remaining portion is influenced by other factors outside the research model. The findings of this study indicate that improvements in MSME financial performance do not solely depend on the level of financial knowledge, but are more strongly determined by access to formal financial services and technical capabilities in systematically preparing financial statements as a basis for business decision-making.

Keywords: Financial Literacy, Financial Inclusion, Ability to Prepare Financial Statements, Financial Performance, MSMEs

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) occupy a strategic position in Indonesia’s economic system due to their significant contribution to Gross Domestic Product (GDP), employment absorption, and poverty reduction. Based on Law Number 20 of 2008, MSMEs are defined as productive businesses owned by individuals or individual business entities that meet certain criteria based on business scale. The existence of MSMEs serves as the backbone of the national economy because they are able to provide broad employment opportunities and become the main source of income for the majority of the population, particularly in urban and peri-urban areas (Law Number 20 of 2008).

At the regional level, MSMEs play an equally important role in driving local economic growth. In Pontianak City, MSMEs are the dominant sector that drives community economic activities, especially in the trade sector. This sector includes various types of businesses such as stalls, grocery stores, street vendors, staple food agents, fashion businesses, handicrafts, and culinary enterprises. Data from the Pontianak City Office of Cooperatives, Micro Enterprises, and Trade show that approximately 70 percent of MSMEs in the trade sector operate in the culinary food and beverage field, making it the most dominant sector and a major contributor to the regional economy (Pontianak City Office of Cooperatives, Micro Enterprises, and Trade, 2024).

The development of MSMEs in Pontianak City during the 2021–2024 period shows fluctuating dynamics but tends to increase. The number of MSMEs experienced a significant decline in 2022, then increased again in 2023 and 2024. This increase was driven by broader access to financing, the development of digital information technology, and increased public interest in entrepreneurship as an alternative source of livelihood amid limited formal employment opportunities (Pontianak City Office of Cooperatives, Micro Enterprises, and Trade, 2024).

Despite their major contribution to the economy, most MSMEs still face various structural problems, particularly in financial management aspects. Many MSME actors have not made financial recording and reporting a strategic part of business management. Business actors tend to focus on daily operational activities without being supported by orderly transaction recording, separation of business and personal finances, and systematic preparation of financial statements. This condition causes MSME actors to experience difficulties in evaluating business performance and making appropriate financial decisions (Harmadji et al., 2022).

Financial performance is an important indicator for the sustainability of MSME businesses. Good financial performance reflects the ability of a business to manage resources, maintain business continuity, and increase competitiveness. One of the factors that plays an important role in improving MSME financial performance is financial literacy. Financial literacy includes knowledge, skills, and confidence in managing finances, including budgeting, debt management, savings, investment, and risk management (Financial Services Authority, 2023).

However, the level of financial literacy among the Indonesian population is still relatively moderate. The results of the 2023 National Survey of Financial Literacy and Inclusion (SNLIK) conducted by the Financial Services Authority indicate that Indonesia’s financial literacy index has only reached 65.43 percent. In West Kalimantan Province, the level of financial literacy is even below the national average. This condition indicates that some MSME actors do not yet have adequate financial understanding to manage their businesses effectively and sustainably (Financial Services Authority, 2023).

In addition to financial literacy, financial inclusion also plays an important role in improving MSME financial performance. Financial inclusion refers to public access to formal financial products and services that are appropriate to their needs and capacities. The 2023 SNLIK recorded that Indonesia's financial inclusion index reached 75.02 percent, which is higher than the financial literacy index. However, high financial inclusion without adequate financial literacy has the potential to cause suboptimal financial management and financial risks for MSME actors (Financial Services Authority, 2023).

Another equally important factor is the ability of MSME actors to prepare financial statements. Financial statements function as tools for evaluating business performance and as a basis for managerial decision-making. However, field facts show that most MSMEs still carry out simple financial recording or even do not have financial statements at all. This condition causes business actors to have difficulty measuring business performance and hampers access to formal financing (Harmadji et al., 2022).

Based on the above description, a research gap can be identified regarding the influence of financial literacy, financial inclusion, and the ability to prepare financial statements on MSME performance, particularly in the trade sector in Pontianak City. Therefore, this study aims to analyze the effect of financial literacy, financial inclusion, and the ability to prepare financial statements on the business performance of MSMEs in the trade sector in Pontianak City as an effort to support sustainable MSME development.

REVIEW OF LITERATURE

Financial Literacy

Financial literacy is a fundamental concept in financial management, both at the individual level and within business organizations. Septiani & Wuryani (2020) define financial literacy as the ability to understand and manage financial aspects effectively, which includes understanding basic concepts of financial management, borrowing, investment, as well as short-term and long-term financial planning. In the context of MSMEs, financial literacy becomes an important element because business actors play a direct role in decision-making related to revenue management, expenditure, and business continuity. Furthermore, Umniyah & Mulyadi (2023) explain that financial literacy can be measured through four main indicators, namely basic knowledge of financial management, credit management, savings and investment management, and risk management. These four indicators describe the ability of MSME actors to understand the financial condition of their business, manage financial obligations in a controlled manner, plan capital development, and anticipate financial risks that may arise in business activities.

In line with this, Choerudin et al. (2023) interpret financial literacy as a capacity that includes mastery of knowledge and skills in handling financial problems. This perspective emphasizes that financial literacy does not stop at the knowledge aspect, but is reflected in the ability of business actors to maintain financial stability and manage it sustainably in the long term. Thus, financial literacy functions as the basis for building structured and controlled business financial management. Azura et al. (2025) position financial literacy as a strategic factor in supporting the sustainability and development of MSMEs. Financial literacy is not only related to understanding basic financial concepts, such as cash flow, savings, debt, and investment, but also includes the readiness and practical ability of business actors to manage finances independently. Limited financial literacy among MSME actors has the potential to reduce operational efficiency and limit the ability of businesses to survive and grow.

Empirical findings presented by Leatemia (2023) show that financial literacy has a positive effect on MSME performance. These results indicate that increasing financial literacy contributes to the ability of business actors to manage finances in a more directed manner, which ultimately has an impact on improving business performance. Therefore, financial literacy can be understood as an essential ability that plays a role in supporting effective and sustainable MSME financial management.

Financial Inclusion

Financial inclusion is a supporting factor that plays a role in expanding MSME actors' access to formal financial services. Dahrani et al. (2022) define financial inclusion as an effort to minimize various barriers, both price and non-price barriers, in accessing financial products and services. This concept emphasizes the importance of affordable financial services so that MSME actors can utilize financial facilities according to their needs and business capacity. To assess the level of financial inclusion, Dahrani et al. (2022) propose several key indicators, namely the availability of access to financial services, the level of use of financial products or services, and service quality that impacts welfare. Access availability reflects the ease for MSME actors to reach formal financial institutions, while service usage indicates the extent to which these facilities are utilized in business activities. Meanwhile, service quality relates to the perceived benefits by business actors in supporting business continuity and performance in real terms.

In line with this approach, Nadziroh et al. (2023) view financial inclusion as a mechanism that enables individuals and business actors to gain access to formal financial services that are affordable, relevant, and can be utilized effectively. The main focus of financial inclusion in this perspective is the reduction of structural and economic constraints that have so far limited MSMEs in utilizing formal financial services, such as banking, financing, savings, insurance, and digital-based financial services. With the reduction of these constraints, MSMEs are encouraged to be more actively involved in the formal financial system. The strategic role of financial inclusion is also emphasized by Aritonang et al. (2023) as well as Wibowo and Christian Widayat (2023), who position financial inclusion as a foundation in efforts to empower MSMEs in Indonesia. Expanding access to financial resources is viewed as opening opportunities for MSMEs to utilize financial facilities that were previously difficult to reach, thereby supporting business development and encouraging more equitable economic growth.

Nevertheless, empirical findings regarding the effect of financial inclusion on MSME performance show inconsistent results. Leatemia (2023) found that financial inclusion does not have a significant effect on MSME performance, whereas Sari (2024) shows a positive effect on MSME financial performance. These differences indicate that the influence of financial inclusion is not universal and is still influenced by context, regional characteristics, and the conditions of the MSMEs studied, thus requiring further specific testing.

Ability to Prepare Financial Statements

The ability to prepare financial statements is a crucial aspect in MSME business management because it is directly related to business control and performance evaluation. Kasmir (2015) explains that financial statements are reports that describe the financial condition of a company in a certain period and function as a tool for performance evaluation.

In the context of MSMEs, financial statements do not only serve as administrative fulfillment, but become the basis for planning and financial decision-making. This understanding is in line with the Indonesian Institute of Accountants (IAI) (2022) through PSAK Number 1 which defines financial statements as a structured presentation of the financial position and financial performance of an entity. Financial statements aim to provide information regarding financial position, performance, and cash flows that can be used as a basis for economic decision-making. For MSMEs, the structured presentation of financial statements becomes an important instrument to objectively assess business conditions.

In practice, the ability to prepare financial statements cannot be separated from the capacity of MSME actors to understand the process of financial recording and reporting. Ilarrahmah et al. (2021) show that the ability to prepare financial statements, although not yet fully comprehensive, is related to MSME performance. Business actors who understand the basics of preparing financial statements tend to be able to manage and control financial activities in a more directed manner, so that the structure of fund management becomes more systematic. Furthermore, Whetyningtyas (2016) asserts that the ability to prepare financial statements affects MSME operational performance. This ability helps business actors manage cash flow, control costs, and serves as the basis for evaluation and financial decision-making. In addition, well-prepared financial statements also increase business credibility and support more effective capital and profit management. Nevertheless, in reality there are still many MSMEs that are not able to prepare financial statements systematically. Limited accounting knowledge, low understanding of the function of financial statements, and minimal technical support are the main obstacles in the practice of preparing financial statements. This condition causes MSME actors to have difficulty measuring financial performance objectively and limits the ability of businesses to conduct evaluation and financial planning appropriately.

Financial Performance of MSMEs

MSME financial performance is a primary indicator in assessing business success and sustainability. Khouroh et al. (2023) define MSME financial performance as a measure used to evaluate the financial health of a business, which includes the ability to generate profits, manage cash flows, and utilize financial resources efficiently. Financial performance also reflects the ability of MSMEs to meet financial obligations and achieve sustainable business growth. Hartina et al. (2023) state that MSME financial performance indicators include business growth, revenue growth, capital growth, as well as market and marketing growth. These indicators show the extent to which MSMEs are able to grow and compete in a dynamic business environment.

Several empirical studies show that financial literacy, financial inclusion, and the ability to prepare financial statements are related to MSME financial performance. Sari (2024) as well as Harari & Hariyanto (2025) found that financial literacy and financial inclusion have a positive and significant effect on MSME financial performance. Thus, it can be concluded that improving financial literacy, expanding financial inclusion, and having adequate ability to prepare financial statements are important factors in improving MSME financial performance.

RESEARCH METHOD

This study uses a quantitative approach with an associative type of research. The quantitative approach is used because this study aims to test the relationship between variables objectively through statistical analysis (Sugiyono, 2019). Associative research in this study is used to analyze the relationship between financial literacy, financial inclusion, and the ability to prepare financial statements on MSME financial performance in Pontianak City. The data used in this study consist of primary data and secondary data. Primary data were obtained directly from respondents through the distribution of questionnaires to MSME actors. Meanwhile, secondary data were obtained through documentation techniques in the form of books, archives, documents, as well as supporting data sourced from the Pontianak City Office of Cooperatives, Micro Enterprises, and Trade.

The population in this study includes all MSME actors registered at the Pontianak City Office of Cooperatives, Micro Enterprises, and Trade. The sample size in this study is 150 MSME respondents. The sampling technique used is purposive sampling, with criteria that respondents are aged 24–44 years, reside and run their businesses in Pontianak City, are physically and mentally healthy, and earn regular monthly business income. Research variables consist of independent variables and a dependent variable. The independent variables include financial literacy (X1), financial inclusion (X2), and the ability to prepare financial statements (X3), while the dependent variable is MSME financial performance (Y). Variable measurement was conducted using a five-point Likert scale, ranging from strongly disagree (1) to strongly agree (5) (Sugiyono, 2019). Data analysis was carried out through several stages, namely validity and reliability testing of instruments using Cronbach's Alpha with criteria $\alpha > 0.60$, classical assumption tests including normality, linearity, and multicollinearity tests, and hypothesis testing using multiple linear regression analysis complemented by correlation coefficient tests, coefficient of determination tests, simultaneous tests (F test), and partial tests (t test) with a significance level of 5% (Ghozali, 2016; Sahir, 2022).

RESULTS AND DISCUSSION

Test Research Instruments

a. Validity Test

The validity test is used to assess the level of accuracy of the instrument in measuring the construct under study. The validity test results for each statement item of each variable are presented in Table 1.

Table 1.
Validity Test Results

Variable	Indicator	r-calculate	r-table	Description
Financial Literacy (X1)	X1.1	0.615	0.160	Valid
	X1.2	0.648		
	X1.3	0.588		
	X1.4	0.504		
	X1.5	0.688		
	X1.6	0.670		
	X1.7	0.581		
	X2.1	0.660	0.160	Valid
	X2.2	0.733		
	X2.3	0.648		
	X2.4	0.691		

Financial Inclusion (X2)	X2.5	0.634		
	X2.6	0.725		
	X2.7	0.588		
	X2.8	0.625		
	X2.9	0.593		
Ability to Prepare Financial Statements (X3)	X3.1	0.684	0.160	Valid
	X3.2	0.748		
	X3.3	0.630		
	X3.4	0.672		
	X3.5	0.665		
	X3.6	0.735		
	X3.7	0.617		
	X3.8	0.657		
	X3.9	0.487		
	X3.10	0.389		
	X3.11	0.564		
	X3.12	0.592		
Financial Performance MSMEs (Y)	Y.1	0.655	0.160	Valid
	Y.2	0.729		
	Y.3	0.684		
	Y.4	0.653		
	Y.5	0.568		
	Y.6	0.663		
	Y.7	0.450		
	Y.8	0.521		
	Y.9	0.439		

Source: Processed Data, 2026

Based on Table 1, it is known that the validity test for each variable shows that all statement items are valid because r-calculate ≥ r-table.

b. Reliability Test

The reliability test is conducted to assess the consistency of the research instrument in producing stable measurements. In this study, reliability testing was carried out using the Cronbach's Alpha method. The reliability test results are presented in Table 2.

Table 2.
Reliability Test Results

Variable	Cronbach's Alpha	Description
Financial Literacy (X1)	0.721	Reliable
Financial Inclusion (X2)	0.834	
Ability to Prepare Financial Statements (X3)	0.853	
Financial Performance MSMEs (Y)	0.772	

Source: Processed Data, 2026

Based on Table 2, it is known that Financial Literacy (X1), Financial Inclusion (X2), Ability to Prepare Financial Statements (X3), and MSME Financial Performance (Y) have Cronbach's Alpha values greater than 0.6, so it can be concluded that all instruments used in this study have met the reliability criteria and are feasible for further analysis.

Classical Assumption Test

a. Normality Test

The normality test is conducted to assess whether the research data are normally distributed. This test uses the Kolmogorov–Smirnov method, with the normality test results presented in Table 3.

Table 3.
Normality Test Results

Test	Value
N (Sample)	150
Test Statistic	.051
Asymp.Sig.(2-tailed)	.200[c]

Source: Processed Data, 2026

Based on Table 3, it is known that the normality test results obtain a Kolmogorov–Smirnov value of 0.200, which is greater than 0.05. It can be concluded that the residual values are normally distributed.

b. Linearity Test

The linearity test is conducted to ensure the existence of a linear relationship between the independent variables and the dependent variable. This test uses the Test for Linearity method through SPSS, with the test results presented in Table 4.

Table 4.
Linearity Test Results

Variable	Deviation From Linearity
Financial Performance MSMEs * Financial Literacy	0.643
Financial Performance MSMEs * Financial Inclusion	0.182
Financial Performance MSMEs * Ability to Prepare Financial Statements	0.969

Source: Processed Data, 2026

Based on Table 4, it is known that the significance value of deviation from linearity for all variables is greater than 0.05. Therefore, it can be concluded that the relationship between Financial Literacy, Financial Inclusion, and Ability to Prepare Financial Statements with MSME Financial Performance meets the linearity assumption.

c. Multicollinearity Test

The multicollinearity test aims to identify the presence of correlation among independent variables in the regression model. A model is declared free from multicollinearity if the tolerance value exceeds 0.10 and the Variance Inflation Factor (VIF) value is less than 10. The multicollinearity test results are presented in Table 5.

Table 5.
Multicollinearity Test Results

Variable	Tolerance	VIF
Financial Literacy (X1)	.488	2.051
Financial Inclusion (X2)	.564	1.773
Ability to Prepare Financial Statements (X3)	.583	1.715

Source: Processed Data, 2026

Based on Table 5, it is known that the tolerance values of each variable are greater than 0.10 and the VIF values are less than 10. It can be concluded that the regression model does not exhibit multicollinearity symptoms. Thus, the three independent variables are appropriate for use in multiple linear analysis because they do not influence each other linearly and excessively.

Hypothesis Test

a. Multiple Linear Regression Analysis

Multiple linear regression analysis is used to examine the effect of independent variables on the dependent variable based on data from 150 respondents. The results of the multiple linear regression test are presented in Table 6.

Table 6.
Multiple Linear Regression Analysis Results

Variable	Coefficients	T Statistic	Significance Value
(Constant)	1.262	4.914	.000
Financial Literacy	.111	1.506	.134
Financial Inclusion	.448	7.684	.000
Ability to Prepare Financial Statements	.173	2.688	.008
Dependent Variable: Financial Performance of MSMEs			

Source: Processed Data, 2026

Based on Table 6, the multiple linear regression equation is obtained as follows:

$$Y = 1.262 + 0.111X1 + 0.448X2 + 0.173X3$$

From the multiple linear regression equation, it can be explained as follows:

1. The positive constant value of 1.262 indicates that if the variables Financial Literacy (X1), Financial Inclusion (X2), and Ability to Prepare Financial Statements (X3) are equal to 0 (zero), then MSME Financial Performance (Y) is 1.262, indicating the existence of a basic level of financial management even without the influence of the three independent variables.
2. The regression coefficient of the financial literacy variable (X1) of 0.111 indicates that every increase of 1 unit in financial literacy (X1) will increase the value of MSME financial performance (Y) by 0.111 units, assuming other variables remain constant.
3. The regression coefficient of the financial inclusion variable (X2) of 0.448 indicates that every increase of 1 unit in the financial inclusion variable (X2) will increase the value of MSME financial performance (Y) by 0.448 units, assuming other variables remain constant.
4. The regression coefficient of the ability to prepare financial statements variable (X3) of 0.173 indicates that every increase of 1 unit in variable X3 will increase MSME financial performance (Y) by 0.173 units, assuming other variables remain constant.

b. Correlation Coefficient and Determination Coefficient (R^2)

Correlation analysis is conducted to test associative hypotheses, namely, assessing the relationship among variables in the population based on sample data. The calculation results of the correlation coefficient are presented in Table 7.

Table 7.
Correlation Coefficient and Determination Coefficient (R^2) Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate

1	.758[a]	.575	.566	.19897
Predictors: (Constant), Ability to Prepare Financial Statements, Financial Inclusion, Financial Literacy.				
Dependent Variable: Financial Performance MSMEs				

Source: Processed Data, 2026

Based on Table 7, it is known that the R (correlation) value obtained is 0.758, which lies between 0.60 and 0.799. Thus, it can be concluded that overall there is a strong relationship between the three X variables and the Y variable. This relationship is positive, meaning that if one or more independent variables increase, it will be followed by an increase in MSME Financial Performance.

The results of the coefficient of determination (R^2) test in Table 7 show that the R Square value obtained is 0.575. This means that 57.5% of the variation in MSME Financial Performance (Y) can be explained by Financial Literacy (X1), Financial Inclusion (X2), and Ability to Prepare Financial Statements (X3). Meanwhile, the remaining 42.5% is explained by other factors not examined in this study. Thus, it can be concluded that this regression model has a fairly good ability to explain the dependent variable, although there are still other factors outside the model that influence MSME financial performance.

c. Simultaneous Test (F Test)

The simultaneous effect test aims to assess whether all independent variables jointly affect the dependent variable. The results of the simultaneous test (F test) are presented in Table 8.

Table 8.
Simultaneous Test Results (F Test)

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.825	3	2.608	65.885	.000[b]
	Residual	5.780	146	.040		
	Total	13.604	149			
a. Dependent Variable: Financial Performance of MSMEs						
b. Predictors: (Constant), Ability to Prepare Financial Statements, Financial Inclusion, Financial Literacy.						

Source: Processed Data, 2026

Based on Table 8, it is known that the calculated F value of 65.885 is greater than the F table value of 2.67 with a significance level of $0.000 < 0.05$. This indicates that statistically, there is a significant effect of Financial Literacy (X1), Financial Inclusion (X2), and Ability to Prepare Financial Statements (X3) on MSME Financial Performance (Y) simultaneously. It can be concluded that there is a significant simultaneous effect of the independent variables on the dependent variable, because the significance value is less than 0.05, thus Ho is rejected and Ha is accepted.

d. Partial Test (t Test)

The partial test (t-test) is used to examine the effect of each independent variable on the dependent variable individually. The results of the partial test are presented in Table 9.

Table 9.
Partial Test Results (t Test)

Coefficients[a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1.	(Constant)	1.262	.257		4.914	.000
	Financial Literacy	.111	.074	.116	1.506	.134
	Financial Inclusion	.448	.058	.552	7.684	.000
	Ability to Prepare Financial Statements	.173	.064	.190	2.688	.008

a. Dependent Variable: Financial Performance MSMEs

Source: Processed Data, 2026

Based on Table 9, it is known that the partial effect test results (t-test) produce significance values that can be interpreted as follows:

1. The calculated t value of the Financial Literacy variable (X1) is 1.506, and the t table value is 1.97623, so it can be concluded that t calculated < t table and the significance value obtained is 0.134 > 0.05. This means that there is no significant partial effect between Financial Literacy and MSME Financial Performance. Thus, Ho is accepted, and Ha is rejected.
2. The calculated t value of the Financial Inclusion variable (X2) is 7.684, and the t table value is 1.97623, so it can be concluded that t calculated > t table and the significance value obtained is 0.000 < 0.05, meaning that Financial Inclusion affects MSME financial performance. Thus, Ho is rejected, and Ha is accepted.
3. The calculated t value of the Ability to Prepare Financial Statements variable (X3) is 2.688, and the t table value is 1.97623, so it can be concluded that t calculated > t table and the significance value obtained is 0.008 < 0.05. This means that the Ability to Prepare Financial Statements has a significant effect on MSME financial performance. Thus, Ho is rejected, and Ha is accepted.

Effect of Financial Literacy on MSME Financial Performance

The partial test results indicate that financial literacy does not have a significant effect on MSME financial performance in Pontianak City. Although the regression coefficient of financial literacy is positive, the significance value greater than 0.05 indicates that an increase in financial literacy has not been able to provide a real impact on MSME financial performance individually. These findings indicate that MSME actors' understanding of basic financial concepts has not been fully implemented in daily business management practices, so it has not directly contributed to improving financial performance. This result is in line with the findings of Leatemia (2023), which state that financial literacy does not have a significant effect on MSME performance. This indicates that financial literacy that is merely knowledge-based does not automatically improve financial performance if it is not followed by consistent application in recording, cost control, and financial decision-making. In the context of MSMEs in Pontianak City, some business actors may still rely on practical experience and business habits rather than the use of formal financial knowledge. Therefore, financial literacy has not yet become a determining factor of financial performance if it is not accompanied by technical skills and structured financial management behavior.

Effect of Financial Inclusion on MSME Financial Performance

The research results show that financial inclusion has a positive and significant effect on MSME financial performance. The high regression coefficient value and a significance level smaller than 0.05 indicate that the better the access to and utilization of formal financial services, the better the financial performance. These results indicate that the better the access to and utilization of formal financial services, the greater the opportunity for MSMEs to improve their financial performance. The availability of financing, savings facilities, and formal payment systems contributes to smooth cash flow and operational stability of businesses. Financial inclusion acts as a structural factor that directly affects MSMEs' capacity to manage capital and maintain business sustainability. This finding is in line with the studies of Sari (2024) as well as Harari and Hariyanto (2025), which state that financial inclusion has a positive effect on MSME financial performance. Access to formal financial institutions helps MSMEs manage business capital, expand business scale, and improve financial stability. Thus, financial inclusion plays a structural role that directly drives the improvement of MSME financial performance.

Effect of the Ability to Prepare Financial Statements on MSME Financial Performance

The partial test results show that the ability to prepare financial statements has a positive and significant effect on MSME financial performance. This finding indicates that MSME actors who are able to prepare financial statements systematically tend to have better financial performance. Financial statements function as a tool for performance evaluation, a basis for decision-making, and a means of controlling business finances. The results of this study support the findings of Whetyningtyas (2016), which state that the ability to prepare financial statements affects MSME operational performance. With well-organized financial statements, MSME actors can monitor profits, cash flows, and the financial position of their businesses more accurately. This ability enables MSME actors to understand financial conditions more objectively and identify business problems at an early stage. Thus, technical skills in preparing financial statements directly contribute to improving the quality of management and MSME financial performance in a sustainable manner.

CONCLUSION

This study aims to analyze the effect of financial literacy, financial inclusion, and the ability to prepare financial statements on the financial performance of MSMEs in the trade sector in Pontianak City. Based on the results of multiple linear regression analysis, the regression equation obtained is $Y = 1.262 + 0.111X_1 + 0.448X_2 + 0.173X_3$. This equation indicates that financial literacy, financial inclusion, and the ability to prepare financial statements have a positive relationship with MSME financial performance, with the financial inclusion variable having the largest regression coefficient compared to the other variables. The correlation coefficient (R) value of 0.758 indicates that the relationship between financial literacy, financial inclusion, and the ability to prepare financial statements on MSME financial performance is classified as strong. Meanwhile, the coefficient of determination (R^2) value of 0.575 indicates that 57.5% of the variation in MSME financial performance can be explained by the three independent variables, while the remaining 42.5% is influenced by other variables outside this research model. The results of the simultaneous test (F test) show that financial literacy, financial inclusion, and the ability to prepare financial statements together have a significant effect on the financial performance of MSMEs in the trade sector in Pontianak City. This indicates that these three variables play an important role in explaining MSME financial performance when considered collectively. However, the results of the partial test (t test) show differences in influence among variables. Financial literacy partially does not have a significant effect on MSME financial performance. In contrast, financial inclusion and the ability to prepare financial statements are partially proven to have a significant effect on MSME financial performance. These findings indicate that improving MSME financial performance is more influenced by access to and utilization of formal financial services and the technical ability of business actors to prepare financial statements, compared to financial literacy that is merely knowledge-based. Based on these research results, it can be concluded that improving MSME financial performance in Pontianak City requires strengthening financial inclusion and enhancing the ability of MSME actors to prepare financial statements systematically and sustainably.

REFERENCE

Aritonang, M. P., Sadalia, I., & Muluk, C. (2022). The effect of financial literacy and financial inclusion on MSMEs performance. In *Proceedings of the 19th International Symposium on Management (INSYMA 2022)* (pp. 356–368). Atlantis Press. https://doi.org/10.2991/978-94-6463-008-4_46

Azura, N., Haqiqi, F., Rosady, R. E., & Yusmalina, Y. (2025). Literasi Keuangan Pada UMKM: Studi Literatur Dalam Perspektif Akuntansi Keuangan. *Innovative: Journal Of Social Science Research*, *5*(4), 7719-7725.

Choerudin, A., Zulfachry, Widyaswati, R., Warpindyastuti, L. D., Khasanah, J. S. N., Harto, B., Oktaviani, N. F., Sohilauw, M. I., Nugroho, L., Suharsono, J., & Paramita, V. S. (2023). *Literasi keuangan*. Padang: PT Global Eksekutif Teknologi.

Dahrani, D., Saragih, F., & Ritonga, P. (2022). Model pengelolaan keuangan berbasis literasi keuangan dan inklusi keuangan: Studi pada UMKM di Kota Binjai. *Owner: Riset Dan Jurnal Akuntansi*, *6*(2), 1509-1518. https://doi.org/10.33395/owner.v6i2.778

Ghozali. (2016). Aplikasi Analisis Multivariate Dengan Program IBM SPSS 23 (Edisi 8) . Semarang: Badan Penerbit Universitas Diponegoro.

Harari, Y., & Hariyanto, D. (2025). The Influence of Financial Literacy, Financial Inclusion, and Digital Payments on the Financial Performance of MSMEs in Pontianak City. Journal Dimensie Management and Public Sector, 6(3), 110-123.

Harmadji, D. E., Yuliana, R., Arifin, R., & Putri, A. K. (2022). The Role of Government, Financial Literacy and Inclusion on the Financial Performance of MSMEs in Malang City. *Jurnal Keuangan Dan Perbankan*, *26*(3), 552-566.

Hartina, H., Goso, G., & Palatte, M. H. (2023). Analisis dampak literasi keuangan dan pengelolaan keuangan terhadap kinerja keuangan UMKM. *SEIKO: Journal of Management & Business*, *6*(1), 644-650.

Ilarrahmah, M. D. (2021). Pengaruh Kemampuan Menyusun Laporan Keuangan, Literasi Keuangan Dan Penggunaan Teknologi Informasi Terhadap Kinerja UMKM. *JPEK (Jurnal Pendidikan Ekonomi dan Kewirausahaan)*, *5*(1), 51-64.

Kasmir. (2015). Analisis Laporan Keuangan. Edisi 8. Depok: PT.Raja Grafindo Persada.

Leatemia, S. Y. (2023). Pengaruh Literasi Keuangan dan Inklusi Keuangan Terhadap Kinerja Usaha Mikro, Kecil, dan Menengah (UMKM). *Ekonomi, Keuangan, Investasi dan Syariah (EKUITAS)*, 1152-1159. https://doi.org/10.47065/ekuitas.v4i4.3221

Mulyani, S. (2016). Analisis pengaruh kemampuan menyusun laporan keuangan, latar belakang pendidikan, dan kredit terhadap kinerja operasional umkm. *Jurnal Dinamika Ekonomi dan Bisnis*, 13(2). https://doi.org/10.34001/jdeb.v13i2.468

Nadziroh, U. A., Yasmin, R. A., Pratiwi, D. I., & Bastomi, M. (2023). Analisis Peran Inklusi Keuangan Dalam Meningkatkan Kinerja UMKM. *Strategic: Journal of Management Sciences*, 3(2), 58-66.

Pemerintah Indonesia. (2008). Undang-undang (UU) Nomor 20 Tahun 2008 tentang Usaha Mikro, Kecil, dan Menengah. Lembaran RI Tahun 2008 No. 93. Jakarta : Sekretariat Negara.

Sahir. (2022). Metodelogi Penelitian. Yogyakarta: Kbm Indonesia.

Sari, D. P., & Ibrahim, M. (2024). Pengaruh literasi keuangan dan inklusi keuangan terhadap kinerja UMKM di Desa Pematang Tinggi, Kecamatan Kerumutan, Kabupaten Pelalawan. eCo-Buss, 7(1), 206-216.

Septiani, R. N., & Wuryani, E. (2020). *Pengaruh literasi keuangan dan inklusi keuangan terhadap kinerja UMKM di Sidoarjo* (Doctoral dissertation, Udayana University).

Siregar, S. (2015). Statistika Parametrik untuk penelitian Kuantitatif. Jakarta: PT. Bumi Aksara.

Sugiyono. (2019). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Bandung: Alfabeta.

Umniyah, M. D., & Mulyadi, D. (2023). Pengaruh Digital PaymentGateway (OVO) Terhadap Kinerja Keuangan UMKM. *ETNIK Jurnal Ekonomi–Teknik*, *2*(7), 620-626.

Whetyningtyas, A. (2016). Determinan penggunaan informasi akuntansi pada usaha kecil menengah (UKM). *Media Ekonomi dan Manajemen*, *31*(2).