# Empowering MSMEs: The Role of Fintech, Financial Literacy, and Self-Efficacy in Financial Management in Tanjung Raja

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***Keywords***:
*Financial Technology, Financial Literacy, Financial Self-Afficacy, Financial Management*

***Abstract***

*This study investigates the influence of financial technology, financial literacy, and financial self-efficacy on the financial management practices of MSME actors in Tanjung Raja District. Employing a descriptive quantitative approach, the research utilises primary data collected through live questionnaires distributed to 85 respondents. The analysis was conducted using multiple linear regression, with all variables measured using a Likert scale. The findings reveal that both financial technology and financial literacy have a significant positive impact on the financial management of MSMEs. Conversely, financial self-efficacy does not show a significant effect. These results highlight the importance of technological adoption and financial knowledge in enhancing MSME financial decision-making, while suggesting that self-efficacy alone may not be sufficient without supporting resources and skills.*

## INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are strategic sectors that play an important role in supporting the national economy. These enterprises, typically operated by individuals, households, or small groups, can absorb a large workforce and significantly contribute to economic growth. According to Stuart (2024), MSMEs absorb approximately 97% of new labour and contribute 60.3% to Indonesia's Gross Domestic Product (GDP). Even during the economic crisis of 1997–1998, MSMEs demonstrated resilience and continued to support national financial stability.

Despite their vital role, MSMEs in Indonesia still face various challenges that hinder their business development. Astuti and Soleha (2023) identify limited capital, low managerial capabilities, and intense market competition as the primary obstacles. Furthermore, Novitasari (2022) emphasises the need for sustained support to enhance the contribution of MSMEs to GDP and economic equity. These findings align with Putri and Khairunnisa (2024), who argue that MSMEs contribute to community welfare through job creation and equitable income distribution.

Among the most pressing challenges faced by MSMEs is financial management. Many business actors lack sufficient skills in handling both business and personal finances. Rivaldo et al. (2023) point out that low levels of financial knowledge hinder proper financial record-keeping, evaluation, and decision-making. Additionally, the continued reliance on manual systems results in inefficiencies and low accuracy in cash flow management. Alkamalat (2024) notes that minimal utilisation of technology-based financial tools can negatively impact overall business performance.

In response to these issues, the advancement of information technology has introduced innovations in the financial sector, notably through the emergence of financial technology (fintech). Fintech facilitates faster, more efficient, and more flexible financial services. As Arif et al. (2024) suggest, fintech helps bridge financing gaps by expanding access to financial services. Similarly, Zakariya et al. (2024) emphasise fintech's role in supporting MSMEs through services such as digital payments, fund transfers, financial intermediation, and investments.

Beyond technological tools, financial literacy and financial self-efficacy are also critical to effective financial management. Financial literacy refers to an individual's ability to understand and apply

fundamental financial principles in decision-making. According to Akbar et al. (2023), strong financial literacy enhances financial efficiency and reduces business risks. Meanwhile, financial self-efficacy—defined as a person's belief in their ability to manage financial tasks—fosters greater confidence in navigating financial decisions (Pradinaningsih & Wafiroh, 2023).

Data from the Ogan Ilir Regency Trade and Industry Cooperative Office (2023) reveal that approximately 60% of MSME actors in Tanjung Raja District still manage their finances manually, without utilising digital applications. Only around 30% are familiar with and have adopted fintech-based services such as e-wallets. These findings indicate a low level of fintech adoption and financial literacy among local MSMEs. Given this context, the present study aims to examine the influence of financial technology, financial literacy, and financial self-efficacy on the financial management of MSME actors in Tanjung Raja District.

**Problem formulation**

Based on the explanation of the problems that have been described above, several issues can be formulated. The formulation of the problems in this study includes the following:

1. Is there an influence of Financial Technology on Financial Management for MSME actors in Tanjung Raja District?
2. Does financial literacy have an impact on financial management among MSME actors in Tanjung Raja District?
3. Is there an influence of Financial Self-efficacy on Financial Management in MSME actors in Tanjung Raja District

**Research Objectives**

1. To analyse the Influence of Financial Technology (Fintech) on Financial Management on MSME Actors in Tanjung Raja District
2. To analyse the Influence of Financial Literacy on Financial Management on MSME Actors in Tanjung Raja District
3. To analyse the Influence of Financial self-efficacy on Financial Management in MSME Actors in Tanjung Raja District

## METHOD

### Research Design

The research design applied in this study is the application of quantitative methods. According to Sugiyono (2018), the quantitative method is an approach related to explaining current problem-solving using actual data, namely by presenting, analysing, and interpreting it. In this study, quantitative research methods were used to assess the influence of financial technology, financial literacy, and financial self-efficacy on the financial management of MSME actors.

### Research Location and Time

The author conducted research in Tanjung Raja District, Ogan Ilir Regency, South Sumatra. This location was chosen because it has a significant number of MSMEs in the food & beverage sector and grocery stores. The time of this research lasts for one month in 2025.

### Population and Sample

### Population

A population is a general group consisting of individuals and entities that have certain characteristics and traits that are described and deduced by researchers (Yutri Marhayani et al., 2022). The population in this study is 108 MSME actors in the food and beverage sector and grocery stores spread across the Tanjung Raja District, Ogan Ilir Regency.

### Sample

A sample is a small part of the population that represents the entire population. The sampling technique applied in this study is proportional strata random sampling, where each administrative area, such as sub-districts and villages, obtains proportions according to the number of MSMEs. The number of samples was determined using the Slovin formula with an error rate of 5%, so that 85 respondents were obtained.

**Data Types and Sources**

1. Data type
   The type of data used in this study is quantitative data, obtained from the results of the processing of questionnaire answers distributed to MSME actors in Tanjung Raja District.
2. Data Sources
   The data sources used are primary data and secondary data. Primary data was obtained directly from respondents through the dissemination of questionnaires and observations, while secondary data was obtained from references to scientific journals and documents of related agencies.

**Data Collection Techniques**

The data collection techniques used in this study are:

1. The questionnaire is in the form of a list of closed questions with a likert scale that is distributed directly to MSME actors.
2. Observation, namely direct observation of MSME activities.
3. Documentation, which is collecting supporting data from related agencies and field records.

**Research Instruments**

**Validity Test**

Validation tests are carried out to assess whether the research instrument can measure what should be measured. Because the instrument used was a questionnaire, the validity test was carried out using Pearson's Product-Moment correlation analysis through the SPSS version 30.0 program. The item is declared valid if R-counts ≥ R-table and the significance < 0.05.

**Reliability Test**

Reliability tests are used to determine the extent to which the instrument's results are reliable or consistent if used repeatedly. This test was carried out using Cronbach's Alpha technique. The instrument is declared reliable if Cronbach's Alpha value is≥ 0.7.

**Data Analysis Techniques**

The analysis technique applied in this study is multiple linear regression analysis, which is to measure how much influence each independent variable ($X_1$, $X_2$, $X_3$) has on the dependent variable (Y).

The formula used in this study is:

$$\mathbf{Y=\alpha+\beta1X1+\beta2X2+\beta3X3+e}$$

**Information:**

Y = Financial Management
$X_1$ = Financial Technology
$X_2$ = Financial Literacy
$X_3$ = Financial Self-Afficacy
$\alpha$ = Nilai Constant
$\beta_1$, $\beta_2$, $\beta_3$ = Coefficients of Regression
$\varepsilon$ = Error

**Hypothesis Test**

The hypothesis tests that will be applied in this study include:

a. T-test (partial test)

It is used to determine the influence of each independent variable on the dependent variable.

b. F Test (Simultaneous Test)
It is used to determine the influence of the three independent variables together on the financial management of MSMEs.

c. Test Determination Coefficient (R2)
It is used to find out how much The independent variables are able to explain the variation of The dependent variables.

## RESULTS AND DISCUSSION

### Validity Test

The validity test is used to assess whether the instrument in this study is feasible to measure the variable in question. A statement item is said to be valid if it has a correlation value (r calculated) greater than the r of the table and a significance value less than 0.05. In this study, validity testing was carried out with SPSS software version 30.0 through Pearson Correlation analysis techniques.

**Table 1. Financial Technology Variable Validity Test (X1)**

| Variables | R count | Table r | status |
|---|---|---|---|
| *Financial Technology* | 0.726 | 0.2108 | Valid |
| | 0.801 | 0.2108 | Valid |
| | 0.605 | 0.2108 | Valid |
| | 0.719 | 0.2108 | Valid |
| | 0.677 | 0.2108 | Valid |
| | 0.672 | 0.2108 | Valid |
| | 0.677 | 0.2108 | Valid |
| | 0.746 | 0.2108 | valid |

**Table 2. Financial Literacy Validity Test (X2)**

| Variables | R count | Table r | status |
|---|---|---|---|
| Financial Literacy | 0.708 | 0.2108 | Valid |
| | 0.804 | 0.2108 | Valid |
| | 0.702 | 0.2108 | Valid |
| | 0.667 | 0.2108 | Valid |
| | 0.686 | 0.2108 | Valid |
| | 0.737 | 0.2108 | Valid |
| | 0.729 | 0.2108 | Valid |
| | 0.526 | 0.2108 | Valid |

**Table 3. Financial Self-Afficacy Validity Test (X3)**

| Variabel condition | R count | Table r | |
|---|---|---|---|
| Financial Self-Afficacy | 0.935 | 0.2108 | Valid |
| | 0.844 | 0.2108 | Valid |
| | 0.863 | 0.2108 | Valid |
| | 0.840 | 0.2108 | Valid |
| | 0.852 | 0.2108 | Valid |
| | 0.888 | 0.2108 | Valid |
| | 0.890 | 0.2108 | Valid |
| | 0.877 | 0.2108 | Valid |

**Table 4. Financial Management Validity Test(Y)**

| Variables | R count | Table r | status |
|---|---|---|---|
| Financial Management | 0.617 | 0.2108 | Valid |
| | 0.758 | 0.2108 | Valid |
| | 0.709 | 0.2108 | Valid |
| | 0.809 | 0.2108 | Valid |
| | 0.674 | 0.2108 | Valid |
| | 0.651 | 0.2108 | Valid |
| | 0.694 | 0.2108 | Valid |
| | 0.654 | 0.2108 | Valid |

Based on the statement in the table above, the validity of the eight question items on the variables financial technology (x1), financial literacy (x2), and financial self-efficacy (x3) is declared valid because the value of r calculated is significantly greater than>r value in the table is significantly 5%.

**Reliability Test**

**Table 5 Reliability Test Results**

Here are the Reliability Tests for Financial Technology, Financial Literacy, Financial Self-efficacy, and Financial ManagementHere are the Reliability Tests for Financial Technology, Financial Literacy, Financial Self-afficacy, and Financial Management

| Variables | Sum Questions | Cronbach's Alpha | Works Standard | Information |
|---|---|---|---|---|
| *Financial Technology*(X1) | 8 | 0.847 | 0,60 | Reliable |
| Financial LiteracyX2) | 8 | 0.853 | 0,60 | Reliable |
| Financial Self-afficacy (X3) | 8 | 0.848 | 0,60 | Reliable |
| Financial Management (Y) | 8 | 0.956 | 0,60 | Reliable |

*Source: SPSS data output results version 30.0, 2025*

Table 5 above shows that the result of the Cronbach's Alpha value of each variable is greater than 0.60. The Cronbach's Alpha value indicates that the instrument from the questionnaire is reliable and can be used as a variable measuring tool.

**Multiple Linear Regression Tests** .

**Table 6 Results of Double Linear Regression Test**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Say. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 5.803 | 2.381 | | 2.437 | .017 |
| | Financial Technology (X1) | .599 | .091 | .620 | 6.588 | <.001 |
| | Financial Literacy (X2) | .272 | .092 | .278 | 2.945 | .004 |
| | Financial Self-Afficacy (X3) | -.046 | .041 | -.063 | -1.104 | .273 |

*Source: SPSS Data Output Results version 30.0, 2025*

Based on the results of multiple linear regression output, the following equations are obtained:

$Y = 5.803 + 0.599(X_1) + 0.272(X_2) – 0.046(X_3)$

a. Constanta (Intercept) = 5,803

If all independent variables (X1, X2, and X3) are considered to be zero, then the basic value of Financial Management is 5.803. This point means that without the influence of the three

independent variables, the average value of MSME financial management remains at this figure.

b. Coefficient X1 (Financial Technology) = 0,599
The coefficient indicates that, holding $X_2$ (Financial Literacy) and $X_3$ (Financial Self-Efficacy) constant, a one-unit increase in Financial Technology will lead to a 0.599 increase in MSME Financial Management. This value is significant because the p-value < 0.001.

c. Coefficient X2 (Financial Literacy) = 0.272
If $X_1$ and $X_3$ are considered constant, then a one-unit increase in Financial Literacy will increase Financial Management by 0.272. This value is also significant because the p-value = 0.004 (< 0.05).

d. Coeficin X3 (Financial Self-Afficacy) = -0.046
If $X_1$ and $X_2$ remain the same, then a one-unit increase in Financial Self-Efficacy decreases MSME Financial Management by 0.046. However, this value is not significant because the p-value is 0.273 (> 0.05).

**T-test**

A partial test or t-test is carried out to determine the influence of each independent variable individually on the dependent variable. This test is carried out by looking at the significance value (Sig.) of each variable in the Coefficients table. If the Sig. Value < 0.05, then the variable has a significant effect.

**Table 7 T-Test Results**

| Coefficientsa | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Say. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 5.803 | 2.381 | | 2.437 | .017 |
| | Financial Technology (X1) | .599 | .091 | .620 | 6.588 | <.001 |
| | Financial Literacy (X2) | .272 | .092 | .278 | 2.945 | .004 |
| | Financial Self-Afficacy (X3) | -.046 | .041 | -.063 | -1.104 | .273 |
| a. Dependent Variable: Financial Management (Y) | | | | | | |

*Source: SPSS Data Output Results version 30.0, 2025*

1. Based on the results of the t-test, it is known that the significance value *of the Financial Technology* variable (X1) is <0.001, and the regression coefficient is positive. Thus, H1 is acceptable, because the variable has been proven to have a positive and statistically significant effect on Financial Management.

2. Based on the results of the t-test, the significance value of the Financial Literacy variable (X2) was 0.004 and the regression coefficient was also positive. Therefore, H2 is acceptable, which indicates that Financial Literacy has a positive and significant influence on an individual's ability to manage finances effectively.

3. It can be concluded that the significance value of the Financial Self-Afficacy (X3) variable is 0.273 (>0.05). Thus, H3 was rejected. This value means that statistically, there is no significant influence of Financial Self-Afficacy on Financial Management.

**Simultaneous Test (F-Test)**

Simultaneous tests or F tests are carried out to find out whether all independent variables simultaneously have a significant effect on dependent variables..

**Test Table 8 F**

| ANOVA |
|---|

| Model | | Sum of Squares | df | Mean Square | F | Say. |
|---|---|---|---|---|---|---|
| 1 | Regression | 928.682 | 3 | 309.561 | 75.306 | <.001b |
| | Residual | 332.965 | 81 | 4.111 | | |
| | Total | 1261.647 | 84 | | | |
| a. Dependent Variable: Y | | | | | | |
| b. Predictors: (Constant), X3, X1, X2 | | | | | | |

*Source: SPSS Data Output Results version 30, 2025*

From table 8 above, it is known that the value of F is calculated as 75.306 with a significance value of <0.001. Because the significance value is less than 0.05, it can be concluded that the variables of Financial Technology (X1), Financial Literacy (X2), and Financial Self-Afficacy (X3) simultaneously have a significant effect on Financial Management (Y).

**Test Determination Coefficient (R2)**

**Table 9 Determination Test Results**

| Model Summary | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .858a | .736 | .726 | 2.027 |
| a. Predictors: (Constant), Financial Self-Afficacy (X3), Financial Technology (X1), Literasi Keuangan (X2) | | | | |

*Source: SPSS Data Output Results version 30.0, 2025*

Based on the output results in the Model Summary Table above, the R Square value is 0.736 and the Adjusted R Square is 0.726. This means that 73.6% of the variation from the Financial Management (Y) variables can be explained by the variables Financial Technology (X1), Financial Literacy (X2), and Financial Self-Afficacy (X3) simultaneously. While the remaining 26.4% is explained by other factors outside this regression model.

## DISCUSSION

### The Influence of Financial Technology on Financial Management

The results of the regression test showed that *Financial Technology* had a positive and significant effect on financial management, with a significance value of < 0.001 (< 0.05) and a positive regression coefficient. This value indicates that the higher the level of financial technology use by individuals or business actors, the better their ability to manage their business finances. These results are also in line with previous research conducted by Handayani (2024), which stated that the use of Financial Technology significantly improves healthy financial behaviour. Therefore, the use of financial technology is one of the strategic solutions in supporting more orderly, efficient, and planned financial management.

### The Influence of Financial Literacy on Financial Management

The results of the partial test showed that the Financial Literacy variable had a positive and significant influence on financial management, with a significance value of 0.004 (< 0.05) and a positive regression coefficient. This value means that the higher the level of financial literacy that individuals have, the better their ability to manage business finances effectively. Financial literacy is an important element in financial management because individuals with a good level of literacy tend to be wiser in making financial decisions, more disciplined in saving, and able to distinguish between needs and wants. This ability not only includes knowledge of financial terms or concepts, but also includes real-world application in everyday financial activities.

These findings are in line with research conducted by Lusardi (2023), which shows that individuals with high levels of financial literacy tend to save more, invest carefully, and avoid risky financial behaviours such as excessive debt. Therefore, improving financial literacy can be a key to shaping healthy and structured financial behaviour.

**The Effect of Financial Self-Afficacy on Financial Management**

The results of the partial test show that Financial Self-Efficacy has no significant effect on financial management, as shown by a significance value of 0.273 (> 0.05). This value indicates that although respondents have a good level of self-confidence in managing their finances, this is not necessarily followed by effective financial management behaviours in practice.

These findings are in contrast to research conducted by Pradinaningsih et al. (2023), which found that financial self-efficacy has a significant effect on economic decision-making. These differences in results can be due to demographic factors, previous financial experience, or different socio-cultural conditions of respondents. The differences mean that a person may feel confident in being able to manage money, but without adequate knowledge, skills, or environmental support, that confidence does not necessarily have an impact on healthy financial behaviour.

## CONCLUSION

Based on the results of the data analysis and discussions that have been carried out, the following can be concluded:

1. Financial Technology (X1) has a positive and significant effect on Financial Management.
2. Financial Literacy (X2) also has a positive and considerable influence on Financial Management.
3. Financial Self-efficacy (X3) has no significant influence on financial management.

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