

Strengthening Financial Working Capital through Fintech Platforms and Product Innovation via Digital Marketing in MSMEs

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) play an important role in economic development; however, many still face challenges in accessing financial services and optimizing digital technology to strengthen their financial capacity. This study aims to analyze the influence of fintech platforms and product innovation on working capital, as well as the mediating role of digital marketing among MSMEs. The research employs a quantitative explanatory approach using survey data collected from 200 food and beverage MSMEs in Sidoarjo Regency, Indonesia. The sampling technique used is purposive sampling based on specific criteria related to fintech usage and digital marketing activities. Data were collected through structured questionnaires using a five-point Likert scale and analyzed using Structural Equation Modeling–Partial Least Square (SEM-PLS) with SmartPLS software. The results show that fintech platforms and product innovation have a positive and significant effect on working capital, while fintech also has a positive and significant influence on digital marketing. Product innovation has a significant but negative effect on digital marketing, and digital marketing shows a significant negative effect on working capital. Furthermore, digital marketing is proven to significantly mediate the relationship between fintech and working capital, but it does not mediate the relationship between product innovation and working capital. These findings indicate that fintech adoption plays a crucial role in strengthening MSMEs' financial capacity both directly and indirectly through digital marketing activities. The study implies that integrating fintech utilization with digital marketing strategies can support MSME financial sustainability and market expansion. Policymakers and stakeholders are encouraged to enhance digital financial literacy, fintech accessibility, and digital marketing capability among MSMEs to strengthen their competitiveness in the digital economy. Future studies are recommended to include additional variables and broader sectors to further explore the role of digital transformation in MSME performance.

INTRODUCTION

In the current global digital era, Micro, Small, and Medium Enterprises (MSMEs) play a central role in the economies of many countries, contributing significantly to job creation and Gross Domestic Product (GDP) growth. However, the competitiveness of MSMEs is often constrained by limited access to formal financial services, low levels of financial literacy, and challenges in adapting to emerging technologies (Pitaloka & Afandy, 2025). Recent international studies indicate that fintech has emerged as a game changer within the MSME ecosystem. Fintech offers easier access to funding sources such as peer-to-peer lending and crowdfunding, digitalized financial recording systems, and efficient and secure payment solutions. Firmadhani and Sriyono (2024) emphasize that the utilization of fintech has significant potential to strengthen MSME

financial management, although its adoption still faces several obstacles, including limited digital integration and low user understanding of fintech platforms. According to the OECD report (2025), digitalization, including fintech adoption, has been proven to accelerate MSME competitiveness at the macro level through operational efficiency, market expansion, and the use of data for strategic decision-making.

The main problem addressed in this study is the low utilization of fintech platforms and the suboptimal level of product innovation among MSMEs. The use of fintech integrated with digital marketing strategies has been shown to play an important role in strengthening MSME capacity (Noor & Sriyono, 2024). Nevertheless, many MSMEs still lack sufficient understanding of fintech utilization (Agus Widadi & Dwi Puspitasari, 2024). Access to formal financing remains limited, financial records are often still maintained manually (Sukandar & Hermawan, 2022), and resistance to change persists alongside a strong preference for traditional methods and concerns about the complexity and security of fintech services (Arner, Barberis, & Buckley, 2015).

These barriers are both structural and behavioral in nature. Structurally, many MSMEs experience difficulties in accessing capital due to limited digital infrastructure and strict financial institution requirements (Ratnaningtyas, Wicaksono, & Irfal, 2025). Behaviorally, there remains a lack of trust in fintech security as well as a preference for traditional methods that are perceived as simpler (Javaheri et al., 2024). Previous studies have identified several factors contributing to the low adoption of fintech, including limitations in resources, managerial capabilities, and social norms. An integrative approach has therefore been proposed by developing fintech platform models that function not only as transaction tools but also as systems connected to digital literacy programs, financial training, and continuous monitoring mechanisms (Mushangai, 2023). Although fintech has been shown to increase financial inclusion, its implementation still faces challenges related to user literacy.

Previous research has largely focused on either digitalization or financing aspects separately. For example, Sriyono, Andjani, and Irawan (2023) evaluated the impact of fintech on financial inclusion, particularly through the use of digital payment services as instruments for expanding financial access. Other studies have highlighted that financial record keeping, cost calculation, and marketing management are important factors in helping MSMEs upgrade their businesses, although these aspects have not yet been fully integrated with fintech-based digital literacy platforms (Supardi, Sriyono, & Hermawan, 2023). Similarly, research by Noor and Sriyono (2024) emphasized global digital literacy and financial resilience strategies for MSMEs but did not explicitly integrate continuous monitoring with financial governance. Assistance programs for MSMEs conducted by Supardi, Sriyono, and Hermawan (2023) also emphasized financial recording and marketing management improvements but did not systematically link these practices with fintech platform utilization.

This study integrates fintech platforms with digital marketing strategies to expand MSME market reach, thereby offering a more comprehensive and integrative approach compared to previous research. Most prior studies have emphasized efficiency, digitalization, or financing aspects individually without integrating digital literacy, training, digital infrastructure, and continuous monitoring in a holistic framework (Selimović, Pilav-Velić, & Krndžija, 2021). The integration of digital literacy and financial governance is therefore proposed through an intervention model that not only facilitates fintech adoption but also addresses mindset transformation, financial education, and financial management simulations for MSMEs to ensure more fundamental and sustainable impacts (Marjohan et al., 2025). In the context of social

management, Sriyono has also highlighted the importance of transparency and accountability in zakat management to build donor trust, which conceptually parallels the need for continuous monitoring mechanisms within fintech platforms (Zarkasi & Sriyono, 2024).

Developing a fintech platform model based on strengthened financial management is a strategic step to help MSMEs survive and grow in an increasingly competitive digital market while addressing fundamental challenges in Indonesia's real sector (Arjang, Yani, & Suparwata, 2025). This research positions itself differently by proposing a more integrative and longitudinal approach.

This study is grounded in the Practice-Based View (PBV), Resource-Based View (RBV), and digital innovation adoption theory, which position fintech as a digital resource and capability that drives competitive advantage. International research highlights the contribution of digital transformation, including fintech adoption, in improving MSME competitiveness in the long term (Dwivedi et al., 2021; Hidayat-ur-Rehman & Alsolamy, 2023; Agyabeng-Mensah & Tang, 2021). Therefore, integrating fintech-based working capital strengthening with digital marketing practices is essential to expand market reach and improve efficiency (Nurani et al., 2025). However, gaps in adoption remain due to limitations in fintech platform utilization, digital divides, and strong preferences for traditional methods (Irianto & Chanvarasuth, 2025; Lukas & Hasudungan, 2024; Jangir et al., 2022). Consequently, this study provides both practical urgency and academic contribution by proposing a conceptual model that integrates fintech-based working capital strengthening with digital marketing practices as a policy reference for MSME empowerment.

The Resource-Based View (RBV) emphasizes that a firm's competitive advantage depends on internal resources that are unique, rare, difficult to imitate, and difficult to substitute (Lubis, 2022). In the context of MSMEs, internal resources are not limited to physical capital but also include knowledge capital, managerial skills, and the ability to utilize technology effectively (Wijaya et al., 2025). Fintech is therefore positioned as a strategic resource because it can enhance operational efficiency and expand access to financial services.

The Dynamic Capabilities theory explains how organizations integrate internal and external resources to respond to rapidly changing environments (Mushangai, 2023). In the digital era, MSMEs are required to possess high adaptive capacity (Probohudono et al., 2025). Fintech adoption, for example, requires the ability to learn, transform traditional working patterns into digital-based processes, and adjust business operations to remain relevant to market demands (Bajunaied, Hussin, & Kamarudin, 2023). Meanwhile, the Practice-Based View (PBV) highlights effective managerial and operational practices that can be replicated, where fintech adoption represents a new practice that improves financial governance (Lindfors, Jääskeläinen, & Malacina, 2025; Sánchez Garza et al., 2024; Sulistyowati, Pranoto, & Mas'adah, 2024).

The Theory of Planned Behavior (TPB) is used to explain the intention to adopt fintech through attitudes, social norms, and perceived behavioral control (Ajzen, 1991; Rahadian & Thamrin, 2023). TPB explains why many MSMEs are reluctant to transition to digital systems due to skepticism about security, pro-cash social norms, and perceptions of limited technological capability (Marco & Arifin, 2024). Therefore, digital literacy programs, training, and continuous monitoring are necessary to transform intention into actual behavior. At the same time, MSME competitiveness remains constrained by low financial literacy, limited access to formal financing, manual financial recording systems, and resistance to technological change.

This study aims to analyze how the utilization of fintech platforms integrated with digital marketing strategies can strengthen financial management and enhance MSME competitiveness. Based on the research gaps identified in previous studies, the main research question addressed is how the integration model of fintech, working capital strengthening, and digital marketing practices can improve MSME financial management capacity more effectively. Therefore, this study proposes the development of a fintech platform model that not only functions as a transaction or financing tool but is also integrated with digital marketing practices and continuous monitoring systems. The novelty of this research lies in its integrative approach that combines fintech utilization, working capital strengthening, and digital marketing practices within a single conceptual framework to support improved performance and sustainability of MSMEs.

METHODS

This study employs a quantitative approach to examine the causal relationships between fintech platforms, product innovation, digital marketing, and working capital among MSMEs in the food and beverage sector in Sidoarjo Regency. A quantitative approach was selected because it allows for objective measurement of relationships among variables and enables the testing of formulated hypotheses through statistical analysis. This research is classified as explanatory research using a survey method aimed at explaining the causal relationships between independent variables, mediating variables, and dependent variables. In this study, digital marketing is tested as a mediating variable between fintech platforms and product innovation on MSMEs' working capital. The research design adopts a cross-sectional approach, where data are collected at a single point in time from respondents who serve as the research subjects.

The population of this study consists of all MSMEs in the food and beverage sector in Sidoarjo Regency. This sector was selected because it represents one of the most dominant MSME sectors and demonstrates relatively high levels of digital marketing activity and fintech adoption. In addition, the food and beverage sector is characterized by dynamic product innovation and requires relatively large working capital to support operational activities. The sampling technique used in this study is purposive sampling, where samples are selected based on specific criteria relevant to the research objectives. The sample criteria include: (1) MSMEs operating in the food and beverage sector in Sidoarjo Regency; (2) businesses that have operated for at least one year; (3) MSMEs that use or have used fintech platforms such as digital payments, online lending, or e-wallet services; (4) MSMEs that have utilized digital marketing through social media, marketplaces, or e-commerce platforms; and (5) business owners or managers willing to participate as research respondents.

The sample size was determined based on the SEM-PLS guideline, which recommends a minimum of 5–10 times the number of indicators used in the study. With an estimated 25–30

indicators, the minimum sample size ranges from 125 to 300 respondents. To improve the accuracy of the analysis, this study targeted data collection from 150–200 MSME respondents.

The data used in this study consist of primary data collected directly from respondents through questionnaire distribution. The research instrument was designed using a five-point Likert scale, ranging from strongly disagree to strongly agree. The questionnaires were distributed directly to MSME actors, through Google Forms, and via MSME community networks in Sidoarjo Regency. In addition to primary data, the study also utilized secondary data obtained from scientific literature, academic journals, government reports, and other documents relevant to MSME research to support the analysis.

Data analysis was conducted using Structural Equation Modeling–Partial Least Square (SEM-PLS) with the assistance of SmartPLS software. This method was chosen because it can analyze simultaneous relationships among latent variables and test mediation models comprehensively. The analysis procedure includes outer model evaluation, which covers convergent validity, discriminant validity, composite reliability, and Cronbach’s alpha to ensure the validity and reliability of the research instruments. Subsequently, inner model evaluation was conducted by examining path coefficients, t-statistics, p-values, R-square values, and indirect effects to assess the mediating role of digital marketing. Hypothesis testing was performed using the criteria that a hypothesis is accepted when the t-statistic is greater than 1.96 and the p-value is less than 0.05. Through this procedure, the study is expected to provide empirical evidence regarding the role of fintech platforms and product innovation in strengthening MSMEs’ working capital through digital marketing as a mediating variable in food and beverage MSMEs in Sidoarjo Regency.

RESULTS AND DISCUSSION

Respondent Description

In this study, the research sample consisted of Micro, Small, and Medium Enterprise (MSME) actors operating in the food and beverage sector in Sidoarjo Regency. Data were collected through questionnaires distributed both directly and online to respondents who met the research criteria. A total of 200 MSME actors participated in this study. The presentation of respondent characteristics aims to provide an overview of the respondents’ profiles based on gender, age, length of business operation, and monthly business turnover.

Table 1. Respondent Characteristics

| Characteristics | Category | Frequency | Percentage |
|-----------------|-------------|-----------|------------|
| Gender | Male | 78 | 39% |
| | Female | 122 | 61% |
| Age | < 25 years | 18 | 9% |
| | 25–35 years | 74 | 37% |
| | 36–45 years | 65 | 32.50% |

| | | | |
|----------------------------------|--------------------------------|----|--------|
| Business Duration | > 45 years | 43 | 21.50% |
| | 1–3 years | 56 | 28% |
| | 4–6 years | 71 | 35.50% |
| | 7–10 years | 49 | 24.50% |
| | > 10 years | 24 | 12% |
| Monthly Business Turnover | < IDR 3,000,000 | 52 | 26% |
| | IDR 3,000,000 – IDR 5,000,000 | 63 | 31.50% |
| | IDR 5,000,000 – IDR 7,000,000 | 48 | 24% |
| | IDR 7,000,000 – IDR 10,000,000 | 37 | 18.50% |

Based on Table 1, the majority of respondents were female, accounting for 122 respondents (61%), while 78 respondents (39%) were male. In terms of age, most respondents were between 25–35 years old (37%), indicating that MSME actors are dominated by individuals within the productive age group who are relatively adaptive to digital technology developments. Regarding business experience, the majority of respondents had operated their businesses for 4–6 years (35.5%), indicating that most businesses are in the development stage. Meanwhile, in terms of monthly turnover, the majority of respondents reported revenue ranging from IDR 3,000,000 to IDR 5,000,000 (31.5%), suggesting that most businesses are still categorized as micro enterprises with relatively small operational scales.

Outer Model Evaluation

The outer model evaluation was conducted to test the validity and reliability of the indicators used in this study. The evaluation included convergent validity, discriminant validity, and composite reliability.

Convergent Validity

Convergent validity was measured based on the outer loading values of each indicator on its respective construct. An indicator is considered valid if it has a loading factor greater than 0.70.

Table 2. Convergent Validity

| Indicator | Platform Fintech (X1) | Product Innovation (X2) | Digital Marketing (Z) | Working Capital (Y) |
|-----------|-----------------------|-------------------------|-----------------------|---------------------|
| X1-1 | 0,819 | | | |
| X1-2 | 0,782 | | | |
| X1-3 | 0,778 | | | |
| X1-4 | 0,821 | | | |
| X1-5 | 0,827 | | | |
| X1-6 | 0,817 | | | |
| X1-7 | 0,813 | | | |
| X1-8 | 0,828 | | | |
| X2-1 | | 0,800 | | |
| X2-2 | | 0,900 | | |
| X2-3 | | 0,888 | | |
| X2-4 | | 0,840 | | |
| X2-5 | | 0,870 | | |
| X2-6 | | 0,822 | | |

| | | |
|----|-------|-------|
| Z1 | 0,889 | |
| Z2 | 0,793 | |
| Z3 | 0,916 | |
| Z4 | 0,895 | |
| Z5 | 0,830 | |
| Z6 | 0,870 | |
| Y1 | | 0,830 |
| Y2 | | 0,790 |
| Y3 | | 0,783 |
| Y4 | | 0,830 |
| Y5 | | 0,833 |
| Y6 | | 0,831 |

Based on Table 2, all indicators have loading factor values above 0.70, indicating that all indicators used in this study are valid.

Reliability and Average Variance Extracted (AVE)

Construct reliability was assessed using Composite Reliability and Cronbach's Alpha. A construct is considered reliable if the Composite Reliability and Cronbach's Alpha values exceed 0.70, and the Average Variance Extracted (AVE) value is greater than 0.50.

Table 3. Reliability

| Variable | Cronbach's Alpha | Rho_A | Composite Reliability | AVE |
|-------------------------|------------------|-------|-----------------------|-------|
| Platform Fintech (X1) | 0,925 | 0,926 | 0,939 | 0,657 |
| Product Innovation (X2) | 0,926 | 0,928 | 0,942 | 0,730 |
| Digital Marketing (Z) | 0,933 | 0,935 | 0,947 | 0,751 |

Based on Table 3, all variables show Composite Reliability values above 0.70 and AVE values above 0.50, indicating that all constructs in this study are reliable.

Inner Model Evaluation

R-Square

The R-Square value was used to evaluate the ability of independent variables to explain the dependent variables.

Table 4. R-Square

| Variable | R-Square | R-Square Adjusted |
|-----------------------|----------|-------------------|
| Digital Marketing (Z) | 0,983 | 0,983 |
| Working Capital (Y) | 0,979 | 0,979 |

Based on Table 4, the R-Square value for the Digital Marketing variable is 0.983, indicating that fintech platforms and product innovation explain 98.3% of the variance in digital marketing, while the remaining 1.7% is explained by other variables outside the research model.

Furthermore, the R-Square value for Working Capital is 0.979, meaning that fintech platforms, product innovation, and digital marketing explain 97.9% of the variance in working capital, while the remaining 2.1% is influenced by other variables not included in this study. These results indicate that the research model has very strong predictive capability in explaining the relationships among the studied variables.

Hypothesis Testing

Hypothesis testing was conducted by examining path coefficients, t-statistics, and p-values.

Table 5. Hypothesis

| Hypotheses | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics ((O/STDEV)) | P Value |
|---|---------------------|-----------------|----------------------------|--------------------------|---------|
| Fintech Platform (X1) → Working Capital (Y) | 0.631 | 0.626 | 0.103 | 6.123 | 0,000 |
| Fintech Platform (X1) → Digital Marketing (Z) | 1.057 | 1.056 | 0.031 | 34.342 | 0,000 |
| Product Innovation (X2) → Working Capital (Y) | 0.894 | 0.894 | 0.029 | 30.540 | 0,000 |
| Product Innovation (X2) → Digital Marketing (Z) | -0.074 | -0.073 | 0.034 | 2.181 | 0,029 |
| Digital Marketing (Z) → Working Capital (Y) | -0.541 | -0.537 | 0.104 | 5.222 | 0,000 |

The results presented in Table 6 show that the influence of Fintech Platform (X1) on Working Capital (Y) has a path coefficient of 0.631, a t-statistic of 6.123, and a p-value of 0.000, indicating a positive and significant effect. Therefore, H1 is accepted. The influence of Fintech Platform (X1) on Digital Marketing (Z) shows a path coefficient of 1.057, a t-statistic of 34.342, and a p-value of 0.000, indicating a positive and significant effect. Thus, H2 is accepted. The effect of Product Innovation (X2) on Working Capital (Y) has a path coefficient of 0.894, a t-statistic of 30.540, and a p-value of 0.000, indicating a positive and significant effect. Therefore, H3 is accepted. Meanwhile, Product Innovation (X2) on Digital Marketing (Z) shows a path coefficient of -0.074, a t-statistic of 2.181, and a p-value of 0.029, indicating a significant effect but with a negative direction. Thus, H4 is accepted. Finally, Digital Marketing (Z) on Working Capital (Y) shows a path coefficient of -0.541, a t-statistic of 5.222, and a p-value of 0.000, indicating a significant negative effect. Therefore, H5 is accepted.

Indirect Effect Testing

Indirect effect testing was conducted to determine whether Digital Marketing (Z) mediates the relationship between Fintech Platform (X1) and Product Innovation (X2) on Working Capital (Y). The analysis was performed using the bootstrapping procedure in SmartPLS.

Table 6. Indirect Effect

| Hypotheses | Original Sample (O) | Sample Mean (M) | Standard Deviation | T Statistics | P Value |
|------------|---------------------|-----------------|--------------------|--------------|---------|
|------------|---------------------|-----------------|--------------------|--------------|---------|

| | | | | | |
|---|-------|--------|-------|-------|-------|
| Platform Fintech (X1) → Digital Marketing (Z) → Modal Kerja (Y) | 0.572 | -0.567 | 0,112 | 5.086 | 0,000 |
| Inovasi Produk (X2) → Digital Marketing (Z) → Modal Kerja (Y) | 0.04 | 0.039 | 0,021 | 1.914 | 0,056 |

Based on Table 7, the indirect effect of Fintech Platform (X1) → Digital Marketing (Z) → Working Capital (Y) shows a coefficient value of 0.572, a t-statistic of 5.086, and a p-value of 0.000, indicating that Digital Marketing significantly mediates the relationship between Fintech Platform and Working Capital. However, the indirect effect of Product Innovation (X2) → Digital Marketing (Z) → Working Capital (Y) shows a coefficient value of 0.040, a t-statistic of 1.914, and a p-value of 0.056, which does not meet the significance criteria. Therefore, Digital Marketing does not mediate the relationship between Product Innovation and Working Capital.

DISCUSSION

The Effect of Fintech on Working Capital

The results show that fintech platforms have a positive and significant effect on MSMEs' working capital. This is evidenced by a path coefficient of 0.631, a t-statistic of 6.123, and a p-value of 0.000, which is lower than 0.05. These findings indicate that the higher the utilization of fintech platforms by MSME actors, the greater their ability to strengthen working capital. Fintech provides easier access to financing, transaction efficiency, and improved cash flow management, thereby enhancing business operational capacity.

Conceptually, fintech functions as a strategic digital resource that can improve MSMEs' financial efficiency. From the perspective of the Resource-Based View (RBV), financial technology can be considered a digital capability that enables organizations to achieve competitive advantage through improved access to financial resources and optimized financial management. Through services such as digital payments, peer-to-peer lending, and e-wallets, MSMEs can obtain faster and more flexible access to financing compared with conventional financial institutions. This enables MSMEs to meet working capital needs such as purchasing raw materials, covering operational costs, and expanding business activities more efficiently.

These findings are consistent with previous studies suggesting that fintech utilization can improve financial access and strengthen the financial sustainability of MSMEs in the digital era. Research by Pitaloka and Afandy (2025) shows that fintech usage contributes to improved financial performance and sustainability of MSMEs through increased financial inclusion and transaction efficiency. Similarly, Sulistyowati et al. (2024) found that fintech and financial literacy play an important role in promoting MSME development by expanding access to formal financing sources.

The Effect of Fintech on Digital Marketing

The results indicate that fintech platforms have a positive and significant effect on digital marketing. This is shown by a path coefficient of 1.057, a t-statistic of 34.342, and a p-value of 0.000, which is below the significance threshold of 0.05. These findings suggest that greater utilization of fintech platforms by MSMEs leads to increased adoption of digital marketing strategies in business activities.

Fintech facilitates digital payment systems, integration with e-commerce platforms, and real-time transaction management, thereby supporting digital-based marketing activities. Payment convenience through services such as e-wallets, mobile payments, and QR payments makes transactions faster and more practical, enhancing consumer convenience when purchasing products through digital platforms. Consequently, MSMEs are encouraged to actively utilize social media, marketplaces, and other digital platforms to promote their products.

These findings are consistent with previous research indicating that financial technology development is closely related to the transformation of digital marketing practices among MSMEs. Dwivedi et al. (2021) state that the integration of digital technologies, including fintech-based payment systems, accelerates the development of digital marketing and expands online business market reach. Similarly, Irianto and Chanvarasuth (2025) found that the adoption of digital payment systems encourages MSMEs to increase digital-based business activities, including online marketing. Furthermore, Wijaya et al. (2025) highlight that the utilization of digital technologies and e-commerce contributes to improved digital marketing capabilities and broader market expansion for MSMEs.

The Effect of Product Innovation on Working Capital

The results indicate that product innovation has a positive and significant effect on MSMEs' working capital. This is evidenced by a path coefficient of 0.894, a t-statistic of 30.540, and a p-value of 0.000, which is lower than 0.05. These findings suggest that higher levels of product innovation among MSMEs lead to greater capacity to strengthen working capital.

Product innovation is a crucial strategy for MSMEs to enhance competitiveness and attract consumer interest. Through product variation, quality improvement, and adaptation to market demands, MSMEs can increase sales volume and business revenue. Increased revenue indirectly strengthens business cash flow, thereby improving the availability of working capital required for operational activities.

These findings are consistent with previous studies highlighting the importance of innovation in improving MSME performance and sustainability. Probohudono et al. (2025) found that innovation capability and digital capabilities significantly contribute to improving the performance and sustainability of small and medium enterprises. Similarly, Wijaya et al. (2025) reported that product innovation positively affects MSME performance and growth by enhancing market competitiveness. Furthermore, Agyabeng-Mensah and Tang (2021) emphasized that product and process innovation can improve financial performance through increased efficiency and value creation.

The Effect of Product Innovation on Digital Marketing

The results indicate that product innovation has a significant effect on digital marketing, with a path coefficient of -0.074, a t-statistic of 2.181, and a p-value of 0.029, which is below 0.05. Although the effect is statistically significant, the relationship shows a negative direction.

Conceptually, product innovation is an important factor supporting the effectiveness of digital marketing. Innovative products that offer differentiation and meet consumer needs tend to be easier to promote through digital platforms such as social media, marketplaces, and e-commerce. Innovation also enables MSMEs to create product value that increases consumer interest in the increasingly competitive digital marketplace.

These findings are consistent with previous studies highlighting the relationship between product innovation and digital marketing strategies. Dwivedi et al. (2021) explain that product innovation combined with digital technology utilization enhances the effectiveness of digital

marketing and expands market reach. Similarly, Wijaya et al. (2025) found that product innovation capability and the use of e-commerce contribute to increased digital marketing activities among food-sector MSMEs. Furthermore, Sánchez Garza et al. (2024) demonstrate that effective digital marketing activities are often supported by organizations' ability to develop innovative and market-relevant products.

The Effect of Digital Marketing on Working Capital

The results show that digital marketing has a significant effect on MSMEs' working capital, with a path coefficient of -0.541, a t-statistic of 5.222, and a p-value of 0.000, which is below 0.05. Although the relationship is significant, the effect is negative.

Digital marketing refers to marketing strategies that utilize digital technologies such as social media, marketplaces, and e-commerce platforms to expand market reach and enhance consumer interaction. Through digital marketing, MSMEs can reach broader markets without geographical limitations, which may increase sales volume and business revenue. Increased sales potentially strengthen business cash flow and working capital.

However, the negative relationship found in this study may be explained by the additional costs associated with implementing digital marketing strategies, such as paid advertising, content management, and platform operational expenses. In the early stages, MSMEs that intensively adopt digital marketing may allocate more financial resources to marketing activities, which may temporarily affect the availability of working capital.

The Mediating Role of Digital Marketing

The results indicate that digital marketing significantly mediates the relationship between fintech platforms and MSMEs' working capital. This is demonstrated by a coefficient value of 0.572, a t-statistic of 5.086, and a p-value of 0.000, which is lower than 0.05. These findings indicate that fintech utilization not only has a direct impact on strengthening working capital but also generates an indirect effect through enhanced digital marketing activities.

Fintech facilitates digital payment systems, transaction management, and integration with digital platforms such as marketplaces and e-commerce. These conveniences enable MSMEs to conduct digital marketing activities more effectively because consumers can perform transactions quickly and conveniently through digital payment services.

These findings align with previous studies showing that the integration of financial technology and digital technology can improve MSME business performance through optimized marketing and transaction systems. Lee and Shin (2018) explain that fintech acts as an innovation ecosystem supporting digital business activities, including payment systems integrated with online marketing platforms. Furthermore, Karsu, Morton, and Argyris (2018) emphasize that fintech development encourages digital transformation across business sectors, including the integration of payment systems with e-commerce and digital marketing activities. Similarly, Komariyah and Annisah (2025) highlight that fintech development can expand financial access and support small business growth through digital technology utilization.

These findings confirm that digital marketing functions as a mediating variable that strengthens the relationship between fintech and MSMEs' working capital. The integration of digital payment systems and online marketing activities enables MSMEs to expand market reach, improve transaction efficiency, and strengthen business cash flow. Therefore, fintech utilization integrated with digital marketing strategies becomes an important factor in enhancing MSME sustainability and financial performance in the digital economy.

CONCLUSION

This study aims to examine the role of fintech platforms and product innovation in strengthening MSMEs' working capital through digital marketing. The results show that fintech platforms and product innovation have a positive and significant effect on working capital, indicating that the adoption of financial technology and the development of innovative products can enhance the financial capacity of MSMEs. In addition, fintech platforms also have a positive and significant effect on digital marketing, suggesting that fintech adoption supports the implementation of digital-based marketing activities. Meanwhile, product innovation has a significant but negative effect on digital marketing, and digital marketing also shows a significant negative effect on working capital. Furthermore, digital marketing is proven to significantly mediate the relationship between fintech platforms and working capital, but it does not mediate the relationship between product innovation and working capital. These findings indicate that fintech plays an important role not only as a financial technology tool but also as a strategic digital capability that supports MSMEs' financial sustainability and market expansion.

This study contributes to the development of knowledge in the fields of financial technology adoption, digital marketing, and MSME financial management by proposing an integrative model that combines fintech utilization, product innovation, and digital marketing in strengthening working capital. The results highlight the importance of integrating digital financial services with digital marketing practices to enhance MSME competitiveness in the digital economy.

However, this study has several limitations. First, the research focuses only on MSMEs in the food and beverage sector in Sidoarjo Regency, which may limit the generalization of the findings to other sectors or regions. Second, this study uses a cross-sectional design, which captures conditions at a single point in time and may not fully explain long-term dynamics of fintech adoption and digital marketing practices. Therefore, future studies are recommended to involve broader MSME sectors, include additional variables such as digital capability, financial literacy, or business performance, and employ longitudinal research designs to obtain deeper insights into the long-term impact of digital transformation on MSME sustainability.

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