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Effect of Fintech Adoption on MSME Financial Performance in West Tulang Bawang Barat

Tiara Prama Nur'Aizah[1*], M.Ridwan Siddik[2], Dias Alief[3], Eka Travilta Oktaria[4]
Universitas Mitra Indonesia, Bandar Lampung, Indonesia[1,2,3,4]
tiarapramanuraizah2025.student@umitra.ac.id[1*], mridwansiddik2025.student@umitra.ac.id[2], diasalief2025.student@umitra.ac.id[3], ekatravilta@umitra.ac.id[4]

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Abstract

Purpose: This study aims to analyze the effect of fintech usage on the financial performance of Micro, Small, And Medium Enterprises (MSMEs) in Tulang Bawang Barat Regency.

Research Methodology: This study employs a quantitative approach using a survey method. Data were collected from MSME owners using structured questionnaires. A purposive sampling technique was applied, resulting in 50 respondents being selected. Data were analyzed using multiple linear regression with the assistance of SPSS version 25.

Results: The results show that the use of fintech has a positive and significant effect on MSME financial performance. Fintech adoption improves transaction efficiency, financial record management, and access to financial services, thereby enhancing the overall business performance.

Conclusions: This study concludes that fintech usage significantly improves the financial performance by enhancing transaction efficiency, financial management, and access to financial services. However, the effectiveness of fintech adoption depends on the readiness and capability of MSME actors to utilize digital financial technology.

Limitations: This study is limited to MSMEs in Tulang Bawang Barat Regency and considers only the fintech usage as the independent variable. Therefore, these findings may not be generalizable to other regions.

Contributions: This study contributes to the literature by providing empirical evidence of the impact of fintech on MSME financial performance at the regional level. Practically, the findings offer insights for MSME owners and policymakers to promote Fintch adoption as a strategy to improve financial performance.

Keywords: *Financial Performance, Fintech Use, Impact, MSMEs*

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1. Introduction

The development of Financial Technology (FinTech) has become a key driver of transformation in the financial and business sectors, particularly for Micro, Small, And Medium Enterprises (MSMEs). FinTech offers a range of digital financial services, including online payments, Peer-to-Peer (P2P) lending, and faster access to financing, which can enhance financial management efficiency and overall business performance (Kurniasari & Lestari, 2024). In addition, the integration of financial literacy with FinTech usage enables MSMEs to manage and evaluate their financial performance systematically (Mulyanti & Nurhayati, 2022). In Indonesia, this issue is highly relevant given the significant contribution of MSMEs to Gross Domestic Product (GDP) and employment, which necessitates the adoption of digital technologies to remain competitive in the digital era (Antoni, Judijanto, Supriadi, & Halik, 2024).

The acceleration of digital transformation in the global economy has increased the urgency for MSMEs to adopt innovative technologies to remain competitive. In an increasingly dynamic and digitalized market environment, MSMEs are required to improve their operational efficiency and enhance their adaptability to technological changes. FinTech plays a critical role in this transformation by enabling MSMEs to streamline financial operations, reduce transaction costs, and improve decision-making processes through data-driven insights (Moreira-Santos, Au-Yong-Oliveira, & Palma-Moreira, 2022; Nugraheni, Darma, & Muhammad, 2025). Additionally, the integration of financial and technological capabilities supports MSMEs' long-term business performance and sustainability (Kurniasari, Lestari, & Tannady, 2023). Without adequate technological adoption, MSMEs risk being left behind in an increasingly competitive landscape.

The adoption of FinTech by MSMEs in Indonesia continues to increase, driven by the need for efficient transaction processes, improved access to financing, and better financial management (Antoni et al., 2024). Beyond functioning as a digital payment system, FinTech also provides alternative financing solutions that are more accessible than conventional financial institutions (Serang, Kalsum, Pasagi, & Putri, 2025). Empirical studies indicate that FinTech adoption is positively associated with improvements in MSME financial performance, including revenue growth, capital turnover and cash flow management (Wasiah & Sartika, 2025). Furthermore, factors such as financial literacy and digital readiness play crucial roles in strengthening the impact of FinTech usage on business performance (Astari & Candraningrat, 2022; Kurniasari & Lestari, 2024).

In addition, the integration of FinTech with e-commerce has been shown to expand market access and increase MSMEs'sales volume. Digital training and mentoring programs further enhance MSMEs' ability to utilize online platforms, thereby improving business performance (Awaludin, Rahmiyati, & Launtu, 2025; Soetiyani, Lukiyana, Ariandi, Kamaruddin, & Jundi, 2024). Moreover, FinTech adoption supports more accurate and real-time financial management through digital recording and reporting systems, which contribute to improved efficiency and accountability (Oktaviani & Yulhendri, 2025; Safitri, 2024).

Furthermore, FinTech adoption is closely linked to the broader agenda of financial inclusion and sustainable economic development. By providing easier access to financial services, FinTech enables previously underserved MSMEs to participate more actively in formal financial systems. This increased access not only supports business expansion but also strengthens financial resilience, particularly in the face of economic uncertainties (Lontchi, Yang, & Shuaib, 2023; Serang et al., 2025). Moreover, the role of financial literacy is crucial in ensuring that FinTech adoption leads to optimal and sustainable outcomes, as it enhances users' ability to make informed financial decisions (Haryadi, Hamat, Adnan, Latifah, & Angraini, 2025; Mohapatra et al., 2025). FinTech contributes not only to short-term performance improvements but also to the long-term sustainability of MSMEs.

However, the utilization of FinTech at the regional level remains uneven and is influenced by disparities in digital literacy, technological readiness, and local socioeconomic conditions (Saragih, Anggriani, Daryana, & Girsang, 2025). MSMEs in non-metropolitan areas often face greater challenges in accessing digital financial services and adapting to technological changes (Darmono et al., 2025). Although FinTech has the potential to enhance financial inclusion, its benefits are not fully optimized due to persistent barriers such as limited financial literacy and inadequate digital infrastructure (Arestha, Afifah, & Mustaruddin, 2025; Safitri, 2024). In addition, factors such as perceived ease of use, trust, and institutional support significantly influence FinTech adoption at the regional level (Edo, Soma, & Sitorus, 2024).

Despite the growing body of literature, existing studies on the impact of FinTech on MSME financial performance remain inconclusive, particularly in regional contexts. Most prior research has focused on urban areas or employed national-level analyses, which may not adequately capture the heterogeneity of MSMEs in non-metropolitan regions. Furthermore, there is limited empirical evidence examining the direct impact of FinTech usage on MSME financial performance at the district level, especially in areas such as West Tulang Bawang Barat. Variations in financial literacy, digital readiness, and infrastructure access are likely to influence the effectiveness of FinTech adoption; however, these contextual factors have not been sufficiently explored in previous studies.

Despite its potential benefits, the adoption and impact of FinTech cannot be generalized across all contexts because local conditions significantly shape its effectiveness. Differences in infrastructure availability, digital literacy, and institutional support create varying levels of readiness among MSMEs, particularly between urban and rural areas (Setiawan, Rani, Emilda, Arifin, & Utami, 2026). In addition, the success of FinTech implementation is influenced by a combination of financial knowledge, technological capability, and behavioral factors, which may vary across regions and business environments (Haryadi et al., 2025; Nugraheni et al., 2025). Therefore, understanding how FinTech influences MSME financial performance requires a more context-specific approach that considers regional characteristics. This highlights the importance of conducting empirical studies at the local level to provide more accurate and relevant insights into the subject.

Therefore, this study addresses these gaps by examining the impact of FinTech usage on the financial performance of MSMEs in West Tulang Bawang Barat, a non-metropolitan region with distinct socio-economic characteristics. This study contributes to the literature in several ways. First, it provides context-specific empirical evidence at the district level, which remains underexplored in prior studies that are dominated by urban and national perspectives. Second, it offers a focused analysis of the use of FinTech as a key determinant of MSME financial performance in a regional setting. Third, this study highlights the importance of local conditions, such as digital readiness and financial literacy, in shaping the effectiveness of FinTech adoption.

By emphasizing a regional perspective, this study introduces contextual novelty that differentiates it from previous research. The findings are expected to enrich the academic discourse on FinTech and MSME performance while offering practical insights for policymakers and MSME stakeholders in designing targeted strategies to promote an inclusive and sustainable digital transformation.

2. Literature Review and Hypothesis Development

2.1 Financial Technology (FinTech)

Financial Technology (FinTech) refers to innovations in financial services that utilize digital technologies to improve the efficiency, speed, and accessibility of financial transactions. FinTech encompasses various services, including digital payment systems, Peer-to-Peer (P2P) lending, Electronic Wallets (e-wallets), and digital financial management applications. These innovations are particularly relevant for MSMEs, which often face constraints in accessing conventional financial services because of administrative complexity and limited collateral (Antoni et al., 2024).

In the Indonesian context, FinTech has experienced rapid growth alongside increasing internet penetration and digital device usage (Bere, Andriana, Kamila, Budiono, & Noerlina, 2022). Compared to traditional financial institutions, FinTech offers lower transaction costs, faster processing times, and more flexible financing options (Serang et al., 2025). While some studies emphasize FinTech's role in improving transaction efficiency, others highlight its broader function in enhancing financial inclusion and enabling structured financial management (Kurniasari and Lestari, 2024). This suggests that FinTech should not only be viewed as a transactional tool but also as a strategic enabler of financial capability for MSMEs.

However, prior studies have also indicated that the effectiveness of FinTech adoption is not uniform. Its impact depends on contextual factors, such as digital literacy, user readiness, and institutional support. Therefore, FinTech's role in MSME development should not merely be understood as a technological innovation but as part of a broader socioeconomic system that shapes its adoption and outcomes.

2.2 Financial Performance of MSMEs

Financial performance reflects a firm's ability to manage its financial resources effectively to achieve sustainable business objectives (Naini, Amaliah, & Rasjid, 2025). Common indicators include revenue growth, profitability, cash flow stability, and the ability to fulfil financial obligations. For MSMEs, strong financial performance is essential for maintaining business continuity and competitiveness in increasingly dynamic market conditions.

Despite their importance, many MSMEs, particularly in regional areas, face persistent challenges in financial management. These include inadequate financial record-keeping, limited access to formal financing, and weak financial planning capabilities (Kartika, Amyati, & Sari, 2025). While some studies attribute poor financial performance primarily to structural constraints, such as limited capital, others emphasize managerial and capability-related factors, including financial literacy and business skills.

Recent literature suggests that improving MSME financial performance requires not only access to financial resources but also the ability to utilize them effectively. Mentoring programs and capacity-building initiatives have been shown to enhance MSMEs' financial management capabilities and strategic decision-making (Helianolita, Michiko, Effny, & Fauzi, 2025; Soetiyani et al., 2024). This indicates that financial performance is a multidimensional construct influenced by both external support systems and internal managerial competence.

2.3 The Relationship between FinTech Usage and MSME Financial Performance

The relationship between FinTech usage and MSME financial performance has been widely discussed in the literature; however, the findings remain nuanced. On the one hand, FinTech is argued to directly improve financial performance by enhancing transaction efficiency, reducing operational costs, and facilitating access to financing (Antoni, Judijanto, Supriadi, & Halik, 2024). Empirical studies have shown that MSMEs adopting FinTech tend to experience improvements in revenue growth, cash flow management, and overall financial stability (Wasiah & Sartika, 2025).

However, some studies suggest that the impact of FinTech is not purely direct but is mediated or moderated by other factors. For instance, Pandak and Nugroho (2023) highlighted the role of managerial capability in maximizing the benefits of FinTech adoption, while Astari and Candraningrat (2022) emphasized financial literacy as a critical moderating variable. This implies that FinTech alone may not guarantee improved financial performance unless it is supported by adequate user competence and organizational readiness.

Furthermore, FinTech contributes to financial inclusion by providing alternative financing mechanisms, such as P2P lending, which are particularly beneficial for MSMEs with limited access to traditional banking services (Aisya, & Atho, 2025; Purnamasari, Anggraini, & Faradillah, 2025 ; Serang, Kalsum, Pasagi, & Putri, 2025). However, the extent to which this improved access translates into better financial performance depends on how effectively MSMEs utilize these resources. In addition, the literature highlights the importance of complementary factors, such as digital marketing capabilities, business model adaptation, and institutional support, in strengthening the impact of FinTech (Rachmaniyah, Kusmayasari, Khamila, Astuti, Prameswana, & Indriani, 2025). These findings suggest that FinTech should be conceptualized as part of an integrated digital ecosystem rather than a standalone determinant of performance.

Overall, while the dominant view supports a positive relationship between FinTech usage and MSME financial performance, the strength and consistency of this relationship vary depending on contextual and capability-related factors. This indicates the need for further empirical investigation, particularly in regional settings, where such factors may differ significantly from urban contexts (Haripin & Fatmawati, 2026).

2.4 Hypothesis Development

Based on the theoretical and empirical reviews, FinTech usage is expected to improve MSME financial performance through multiple mechanisms, including enhanced transaction efficiency, improved access to financing, and better financial management practices. Although prior studies highlight the role of moderating and mediating variables, the direct relationship between FinTech usage and financial performance remains a widely supported assumption in the literature. Given the limited empirical evidence in non-metropolitan contexts, particularly at the district level, this study focuses on examining the direct effect of FinTech usage on MSME financial performance in West Tulang Bawang Barat. Therefore, the following hypothesis is proposed:

H_1: FinTech usage has a positive and significant effect on the financial performance of MSMEs in West Tulang Bawang Barat

3. Research Methodology

3.1 Types and Approaches to Research

This study was conducted using a quantitative approach and survey method. A quantitative approach was chosen because this study aimed to empirically test the impact of FinTech use on MSME financial performance through variable measurement and statistical analysis. A survey method was used to obtain primary data directly from respondents, namely, MSME owners, through the distribution of structured questionnaires.

3.2 Location and Time of Research

This study was conducted in West Tulang Bawang Barat, Lampung Province. The research location was selected based on the consideration that MSMEs in this region play a significant role in the regional economy but still face challenges in financial management and the use of digital financial technology. The research was conducted in 2025, from data collection to processing and analysis.

3.3 Research Population and Sample

The study population comprised all micro, small, and medium enterprises (MSMEs) operating in West Tulang Bawang Barat. Given the time and resource constraints, this study employed purposive sampling, a sampling technique based on criteria. The respondent criteria in this study included: MSMEs that are still actively operating in the region. MSMEs that have used financial technology services (such as e-wallets, digital payments, or FinTech lending). Owners or managers of MSMEs who are willing to be research respondents. The number of samples in the research conducted was 50 respondents, which was assessed as having meet the minimum requirements in simple linear regression analysis

3.4 Types and Sources of Data

The type of data used in this study was primary data. Primary data were obtained directly from the respondents through questionnaires. Furthermore, the study was supported by secondary data sourced from scientific journals, reference books, and official reports relevant to the topic of FinTech and MSMEs to strengthen the theoretical foundation and discussion of the research findings.

3.5 Data Collection Techniques

The data collection technique used in this study was a structured questionnaire. The questionnaire was designed as a closed-ended statement using a five-point Likert scale. 1 = Strongly disagree, 2 = Disagree, 3 = Neutral, 4 = Agree , 5 = Strongly agree. The questionnaire was distributed directly and through online media to MSME actors in West Tulang Bawang Barat.

3.6 Operational Definition and Measurement of Variables

3.6.1 Use of Financial Technology (X)

Financial technology utilization refers to the level of utilization of digital technology-based financial services by MSMEs in conducting their business activities. Indicators include: Use of digital payments, use of FinTech lending, ease of financial transactions, use of finansial applications for business records.

3.6.2 Financial Performance of MSMEs (Y)
The financial performance of MSMEs is their ability to manage their business finances to achieve their goals. Financial performance indicators include the following: Increased revenue, smooth cash flow, ability to meet financial obligations, business growth.

3.7 Data Analysis Techniques
The collected data was analyzed using a simple linear regression analysis method, with the aim of testing the effect of financial technology use on the financial performance of MSMEs. Data processing was performed using the Statistical Package for the Social Sciences (SPSS) software. The stages of data analysis included the following: Testing the validity and reliability of research instruments (Descriptive analysis of respondents, classical assumption test, simple linear regression analysis, hypothesis test (t-test)).

3.8 Research Model
The research model used in this study can be formulated as follows:

$$Y = \alpha + \beta x + \epsilon \tag{1}$$

Information:
Y = Financial Performance of MSMEs
X = Use of Financial Technology
α = Constant
β = Regression
ε = Error term

4. Results and Discussions

4.1 Descriptive Analysis of Respondents
This study involved 50 respondents from MSMEs in West Tulang Bawang Barat who used financial technology services. Data were collected using a questionnaire and processed using SPSS version 25.The respondent characteristics show that most MSMEs use FinTech in the form of digital payments (e-wallets) and digital bank transfers to support daily business transactions.

Table 1. Results of the validity test of variable X

Correlations						
		X_{10}	X_{11}	X_{12}	X_{13}	Total
X_{10}	Pearson Correlation	1	-,085	,952**	-,038	,717**
	Sig. (2-tailed)		,556	,000	,794	,000
	N	50	50	50	50	50
X_{11}	Pearson Correlation	-,085	1	-,085	,326*	,468**
	Sig. (2-tailed)	,556		,556	,021	,001
	N	50	50	50	50	50
X_{12}	Pearson Correlation	,952**	-,085	1	,005	,736**
	Sig. (2-tailed)	,000	,556		,972	,000
	N	50	50	50	50	50
X_{13}	Pearson Correlation	-,038	,326*	,005	1	,555**
	Sig. (2-tailed)	,794	,021	,972		,000
	N	50	50	50	50	50
Total	Pearson Correlation	,717**	,468**	,736**	,555**	1
	Sig. (2-tailed)	,000	,001	,000	,000	
	N	50	50	50	50	50

Correlations
**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Validity testing was conducted using the Pearson product-moment correlation. The testing criteria state that a statement item is valid if the calculated r-value is > r-table (0.278) at a significance level of 5% (Table 1).

Table 2. Results of the validity test of variable Y

Correlations						
		Y_{11}	Y_{12}	Y_{13}	Y_{14}	TOTAL
Y_{11}	Pearson Correlation	1	-,085	,952**	-,038	,717**
	Sig. (2-tailed)		,556	,000	,794	,000
	N	50	50	50	50	50
Y_{12}	Pearson Correlation	-,085	1	-,085	,326*	,468**
	Sig. (2-tailed)	,556		,556	,021	,001
	N	50	50	50	50	50
Y_{13}	Pearson Correlation	,952**	-,085	1	,005	,736**
	Sig. (2-tailed)	,000	,556		,972	,000
	N	50	50	50	50	50
Y_{14}	Pearson Correlation	-,038	,326*	,005	1	,555**
	Sig. (2-tailed)	,794	,021	,972		,000
	N	50	50	50	50	50
TOTAL	Pearson Correlation	,717**	,468**	,736**	,555**	1
	Sig. (2-tailed)	,000	,001	,000	,000	
	N	50	50	50	50	50
**. Correlation is significant at the 0.01 level (2-tailed).						
*. Correlation is significant at the 0.05 level (2-tailed).						

Based on the table above (Table 1 and Table 2), all items were declared valid.

4.2 Reliability Test Results

The reliability test was carried out using Cronbach's alpha, which has a criterion of $\alpha > 0,70$.

Table 3. Reliability results

Variabel X		**Variabel Y**	
Realibity Statistics		**Realibity Statistics**	
Cronbach's Alpha	N of Items	Cronbach's Alpha	N of Items
,812	4	,836	4

All variables had a Cronbach's alpha (Table 3) value above 0.70, indicating that the research instrument was reliable.

4.3 Results of simple linear regression analysis

Table 4. Results of simple linear regression analysis

Model		**Unstandardized Coefficients**		**t**	**Sig.**
B	Std. Error				
1	(Constant)	,768	, 066	11,575	,000
	fintech	,201	, 014	14,844	,000

Simple linear regression analysis was used to identify the use of FinTech in the financial performance of MSMEs, showed in Table 4.

The regression model can be expressed as follows:

$$Y = 0,768 + 0,201X \tag{2}$$

4.4 Results of the Coefficient of Determination (R^2) Test

Table 5. Results of the determination coefficient test (R2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,812a	,659	, 652	1,688
a. Predictors: (Constant), fintech				

The R Square value of 0.659 (Table 5) indicates that 65.9% of the variation in MSME financial performance can be explained by the use of FinTech, while the remainder is determined by other variables outside this study.

4.5 Hypothesis Test (t-Test)

According to the t-test findings in Table 4, the significance value of FinTech use was 0.000 (<0.05); therefore, the research hypothesis was accepted. H_1 is accepted, which means that the use of financial technology has a positive and significant effect on the financial performance of MSMEs in West Tulang Bawang Barat.

4.6 Discussion

The findings of this study demonstrate that FinTech usage has a positive and significant effect on the financial performance, supporting prior empirical evidence (Antoni, Judijanto, Supriadi, & Halik, 2024; Sholeha, & Kharisma, 2024). From a theoretical perspective, this result can be explained through the lens of the Resource-Based View (RBV), which posits that firms can achieve superior performance by leveraging valuable and strategic resources. In this context, FinTech functions as a digital resource that enhances MSMEs' capabilities in managing financial transactions, improving efficiency, and accessing external financing (Shafira, Zaman, & Anisa, 2026).

Specifically, FinTech adoption enables MSMEs to reduce transaction costs, accelerate payment processes and improve financial record-keeping. These improvements contribute directly to better cash flow management and operational efficiency, which are critical determinants of financial performance. This finding is consistent with (Sukma, Purwandari, & Lukita, 2024), who highlight that FinTech services such as P2P lending and payment gateways enhance both financial access and transaction efficiency. Thus, FinTech not only simplifies financial processes but also strengthens the financial foundations of MSMEs.

In addition, the positive effect of FinTech on MSME financial performance can be explained by its role in improving access to financing and financial inclusion. FinTech platforms, particularly peer-to-peer lending and digital payment systems, provide alternative financial channels that are more flexible and accessible than traditional banking systems (Aisya, & Atho, 2025; Serang, Kalsum, Pasagi, & Putri, 2025). This increased accessibility allows MSMEs to obtain working capital more efficiently, directly supporting business expansion and operational sustainability. Moreover, enhanced financial inclusion has been shown to strengthen MSMEs' financial resilience and long-term performance, particularly in developing economies (Tandilino, Pontoh, Darmawati, & Indrijawati, 2025).

Importantly, this study extends previous findings by demonstrating that the positive impact of FinTech is also evident in a non-metropolitan context, namely, West Tulang Bawang Barat. This supports the argument that FinTech is not exclusively beneficial in urban areas but also has significant potential to improve MSME performance in regions with more limited access to conventional financial services.

However, the effectiveness of FinTech utilization in such contexts is contingent on the readiness of MSMEs to adopt and utilize digital technologies effectively.

Furthermore, the results of this study should be interpreted in light of the complementary factors identified in previous research. Zahro, Hendra, and Dhany (2025) emphasized that the relationship between FinTech and financial performance is often mediated by financial literacy and digital marketing capabilities. This suggests that FinTech alone may not be sufficient to maximize performance outcomes; rather, its effectiveness depends on the ability of MSME actors to understand and strategically utilize digital financial tools (Zakiyah & Windasari, 2026).

Furthermore, the effectiveness of FinTech adoption is influenced by external factors such as the regulatory environment, digital infrastructure, and institutional support. Studies have shown that a supportive regulatory framework and adequate technological infrastructure significantly enhance the impact of FinTech on MSME performance (Antoni et al., 2024; Evinita, Tangkau, Pesak, & Cahyono, 2025). In addition, digital transformation initiatives, including e-commerce integration and digital marketing adoption, further strengthen the contribution of FinTech to business performance by expanding market reach and improving customer engagement (Awaludin, Rahmiyati, & Launtu, 2025; Gao, Siddik, Hamayun, Masukujjaman, & Alam, 2023). This indicates that FinTech should be viewed as part of a broader digital ecosystem that collectively drives MSME competitiveness.

This perspective is further supported by the Technology Acceptance Model (TAM), which highlights perceived ease of use and usefulness as key determinants of technology adoption. MSMEs with higher financial literacy are more likely to perceive FinTech as useful and easy to use, thereby increasing the likelihood of effective adoption and positive performance outcomes. Similarly, findings from studies on QRIS adoption Putri and Ruzikna (2025) indicate that FinTech and financial literacy interact in complex ways, reinforcing the importance of user capability in determining the success of digital financial tools in Indonesia.

Moreover, these findings underline that FinTech should not be viewed as a standalone solution but rather as part of a broader digital ecosystem. The role of financial literacy, digital marketing skills, and managerial capability is crucial in amplifying the benefits of FinTech adoption (Candraningrat, Dewi, & Dewi, 2025). Without adequate supporting capabilities, MSMEs may not fully realize the potential advantages of FinTech despite having access to the technology. In the context of this research, the results suggest that improving financial and digital literacy among MSMEs in West Tulang Bawang Barat is essential to ensure sustainable FinTech adoption. This implies that policy interventions and support programs should not only focus on expanding access to FinTech services but also on strengthening the capacity of MSME actors to utilize these technologies effectively.

From a broader perspective, FinTech adoption contributes to the sustainability and innovation capacity of MSMEs. The integration of digital financial tools with business processes enables MSMEs to improve financial control, enhance transparency, and support data-driven decision-making (Djoewita, Sudarmiatin, & Handayati, 2025). Moreover, FinTech adoption encourages innovation by facilitating access to new business models and digital financial services, which are essential for maintaining competitiveness in the digital economy (Najib, Ermawati, Fahma, Endri, & Suhartanto, 2021; Skandalis, & Skandali, 2026).

However, achieving these benefits requires continuous improvement in financial literacy and digital capability, as well as alignment with sustainable business strategies (Purnamasari, Anggraini, & Faradillah, 2025). Overall, this study provides a more nuanced understanding of the relationship between FinTech and MSME financial performance by emphasizing that the impact of FinTech is both direct and conditional on the moderating variables. While FinTech significantly enhances financial performance, its effectiveness is shaped by contextual and capability-related factors, particularly in non-metropolitan areas.

5. Conclusions

5.1 Conclusion

This study concludes that the use of FinTech has a positive and significant effect on the financial performance of MSMEs in West Tulang Bawang Barat. The findings indicate that higher levels of FinTech utilization contribute to improved transaction efficiency, better cash flow management, and increased revenue growth. These results confirm that FinTech serves not only as a transactional tool but also as a strategic resource that enhances financial management and operational efficiency in MSMEs. Furthermore, the study highlights that the effectiveness of FinTech adoption depends on the readiness and capability of MSME actors to utilize digital financial technology.

5.2 Research Limitations

This study had several limitations. First, the sample size was relatively small, consisting of only 50 respondents, which may limit the generalizability of the findings. Second, this study uses a single independent variable, which may not fully capture the complexity of the factors influencing MSME financial performance. Third, the data were based on respondents' perceptions, which may have introduced subjectivity.

5.3 Suggestions and Directions for Future Research

MSMEs are encouraged to increase their use of FinTech, particularly in digital payments and financial record management, to enhance efficiency and business performance. Governments and related institutions should strengthen financial and digital literacy programs and provide continuous mentoring and infrastructure support to optimize FinTech utilization. Future studies should incorporate additional variables, such as financial literacy, financial inclusion, and digital readiness, to develop a more comprehensive model. Moreover, the use of more advanced analytical methods, such as multiple regression or structural equation modeling (SEM), is suggested to better capture the complexity of the relationships between variables. Expanding the research scope to different regions would improve the generalizability of the findings.

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Author Contributions

TPNA did the conceptualization, study design, data collection, and manuscript drafting. MRS did the data analysis, interpretation of results, and manuscript revision. DA did the literature review, methodology development, and data validation and ETO did the supervision, critical revision, and final approval of the manuscript.

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