INQUISITIVE Vol 5 (2) (June 2025) page: 82 – 90
e - ISSN 2775 – 1244 p - ISSN 2774 – 8634
e-journal : http://journal.univpancasila.ac.id/index.php/INQUISITIVE/

ANALYSIS OF THE INFLUENCE OF FINANCIAL TECHNOLOGY ON MSME INCOME IN SOUTH JAKARTA

Tyahya Whisnu Hendratni[1*]

[1] Faculty Economic and Bussines, University Pancasila, Indonesia

*Corresponding Author: tyahyawhisnu@univpancasila.ac.id

Received: May 13, 2025 Accepted: June 11, 2025 Published: June 30, 2025

Abstract: The purpose of this study is to test the influence of digital finance on MSME income. The action plan is carried out for evaluation starting with defining of theoretical concepts, levels of analysis and measurables indicators resources.Several activities have been carried out to conduct tests related to the concept of theory, the level of analysis that is relevant to the indicators used related to data processing taken from 200 MSME respondents in the South Jakarta area. The analysis technique used is SEM - PLS. The results of the study prove that the use of financial technology proxied by Financial Culture has a positive and significant effect on MSME income in the South Jakarta area. Financial Technology proxied by financial behavior has a negative and insignificant effect on MSME income in the South Jakarta area. The use of Financial technology proxied by Financial awareness has a positive and significant effect on MSME income in the South Jakarta area.

Keywords: Financial Culture, Financial Behavior, Financial Awareness, Financial Technology, MSME Income

Abstrak: *Tujuan dari penelitian ini adalah untuk menguji pengaruh keuangan digital terhadap pendapatan UMKM.Evaluasi dilakukan pada setiap strategi evaluasi dimulai dengan membaca konsep teori, menggunakan analisis yang relevan dan menggunakan indikator yang terukur serta sumber daya yang tersedia. Beberapa kegiatan telah dilakukan untuk melakukan pengujian terkait konsep teoritis, level analisis yang relevan berdasarkan indikator yang digunakan terkait dengan pengolahan data yang diambil dari 200 responden UMKM di wilayah Jakarta Selatan. Teknik analisis yang digunakan adalah SEM-PLS. Hasil penelitian membuktikan bahwa penggunaan teknologi finansial yang diproksikan dengan Budaya Keuangan berpengaruh positif dan signifikan terhadap pendapatan UMKM di Wilayah Jakarta Selatan. Teknologi Finansial yang diproksikan dengan perilaku keuangan berpengaruh negatif dan tidak signifikan terhadap pendapatan UMKM di wilayah Jakarta Selatan. Penggunaan teknologi finansial yang diproksikan dengan kesadaran keuangan berpengaruh positif dan signifikan terhadap pendapatan UMKM di wilayah Jakarta Selatan.*

Kata Kunci: *Budaya Keuangan, Perilaku Keuangan, Kesadaran Keuangan, Teknologi Keuangan, Pendapatan UMKM*

INTRODUCTION

Lotschanges that have occurred since the e-commerce era, both in accessing information and accessing technology-based services. So that humans are expected to follow the development of existing technology. Several companies in Indonesia include technology companies, companies engaged in providing internet services and institutions engaged in the financial sector have actively used this digital technology to strengthen the financial sector. Financial technology provides benefits to the financial industry, including payments, investments, loans and insurance.

The role of the Financial Services Authority (OJK) is very large in terms of introducing financial literacy to the smallest group, namely the family. Introducing financial literacy to families is intended to improve the economy of the community. Understanding financial literacy has a very large influence on the stability of the economy as a whole. In terms of reducing poverty, social inequality and equalizing welfare are the results of increasing financial literacy in the community. Increasing Financial Literacy comprehensively and evenly will certainly narrow the economic gap between families and will be able to improve family welfare.

Many MSMEs thatnot continuing their current business because of the uncertainty of income or income that is decreasing and even unclear. This is because the cost management that is managed is not yet effective. The problem that often hinders MSMEs in the South Jakarta area is the limited ability of MSMEs to utilize technology digitally. Not many MSMEs can download which applications will be used for selling or use the various applications that should be used for selling. They do not yet know which platform MSMEs should use so that their consumer reach is wider. In this case, the challenge for MSMEs is in terms of digital marketing strategies and also Financial Technology.

The problem that hinders MSMEs is their ability to utilize technology and digital platforms. MSMEs have not been able to download applications to sell, upload information and their products on the site. When carrying out digital transformation, business actors are often confused about which platform they should use to reach a wider range of consumers. Digital marketing strategies and digital finance are also one of the challenges that MSMEs must face in their transformation journey. Efforts that can be made by MSMEs to develop digital financial technology in the hope of achieving business sustainability and increasing income. MSMEs need accounting information that can function as a fundamental basis for making business decisions and using digital finance

With the hope that MSMEs can continue their business and increase their income, the efforts made are to develop digital financial technology. MSMEs need accounting information that is used as a business decision-making and the use of digital finance. Based on the reasons above, researchers are very interested in researching the Influence of Financial Technology on MSME Income in South Jakarta.

LITERATURE REVIEW

Financial Technology

Financial Technology is a new financial industry that applies technology to carry out financial activities, according to Schueffel et al, 2017. In addition, financial technology can be considered an innovative idea in improving the financial service process according to the MSME business itself. The advancement of e-finance will encourage financial technology innovation. Fintech emerged after the global financial crisis in 2008. This development is marked by integration in internet technology, social networking services, social media, and artificial intelligence, (Lee and Seen, 2018).

Financial Culture

Financial Culture consists of several aspects, namely: financial well-being, financial behavior and financial attitudes. Rumyantseva (2013) stated that the level of financial culture is the key to financial well-being and increasing the productivity of the Company. Therefore, if the financial culture is bad, it will cause poor financial transaction inefficiencies. Bad conditions can be monitored by financial institutions and will hinder access to financing.

Financial Behavior

A person's behavior in implementing financial literacy varies depending on how or what goals are to be achieved. Financial intelligence is very necessary to manage financial resources (Widayati, 2014). Every individual must have the skills to manage personal finances effectively in order to maintain welfare. Every individual can make decisions both short-term and long-term. Short-term such as savings and loans, while long-term prepares investments for pension and children's education planning (Margaretha, 2015). Managing financial needs is very important because it can be applied at any time, especially during a crisis. Financial management must also be carried out carefully and planned, because it is to meet daily needs such as health needs, education and old-age insurance.

Financial Awareness

Financial Awareness or financial awareness must be clearly understood by all groups, especially young people whose life journey is still long and of course will not be free from the use of money in various situations. For MSME actors, having financial awareness behavior is very important considering that financial management is one of the important activities in MSME financial management. Based on previous studies, there is still low financial awareness among MSME actors (Atmaja et al., 2022; Rachmawati et al., 2021; Srihastuti and Isniati, 2020; Wenno et al., 2023).

These studies discuss the importance of financial awareness and literacy for MSMEs. The results of research by Rachmawati et.al (2021) can be concluded that the level of awareness and readiness of MSMEs in Java and outside Java in preparing financial and tax reports is still very low. In addition, according to Srihastuti and Isnaniati, (2020) stated that the awareness of MSME actors regarding the accounting system is still low, even though the accounting information system can increase the effectiveness of financial reporting.

This awareness and readiness are related to how financial literacy is owned by MSME actors. According to Wenno, et al. (2023), financial literacy is knowledge, skills and beliefs that influence attitudes and behaviors related to finance. This illustrates that financial attitudes are very important in determining the behavior of MSME actors in managing their finances. The research was conducted by a study conducted by Atmaja, et al. (2022) with MSME actors as subjects in Serang, Banten, which concluded that with awareness of the financial cycle, MSME actors can clearly see the benefits they can obtain so that they can support their business.

MSME Income

MSMEs are highly expected to be able to use digital finance as best they can to support increasing business income. Increased income can also be achieved with digital finance that is used to meet the needs of the MSME market. Income or revenue is a very important thing for individuals and organizations.

MSME turnover is the amount of money received from the business activities. Almost all activities involve the sale of goods or services to customers or consumers. Income here means income in the form of money or often called income. For economic actors, it is hoped that the financial cycle will not stagnate and can reach its maximum. (Fadlani and Ayu, 2017). MSMEs are an economic activity that can generate jobs for others, provide economic needs to the community, improve welfare, advance the community's economy and can create national security and order in growth and development (Sunyoto, 2014).

Revenue is the economic added value received by business actors in carrying out their activities. The provisions of PSAK No. 23 (2007:23.6) regarding the recognition of revenue from sales transactions can be estimated reliably in connection with the transaction must be recognized with reference to the level of completion of the transaction on the balance sheet date ". What is meant by reliable according to PSAK No. 23 (2007:23.6) is if all of the following conditions are met:

a. The amount of revenue can be measured reliably]
b. It is probable that the economic benefits associated with the transaction will be obtained by the Company.
c. The stage of completion of a transaction at the balance sheet date can be measured reliably. The costs incurred for the transaction can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

RESEARCH METHODOLOGY

This study uses a quantitative design that is explanatory research. The approach used is the Structural Equation Modeling (SEM) model.. Samples of 22 samples. This research design uses a quantitative design that is explanatory research through the Structural Equation Modeling (SEM) analysis model approach. Data collection through questionnaires to SMEs in South Jakarta with Likert scale measurements. The types of data used are primary data and secondary data, the research data collection instrument (tool) used is by distributing questionnaires to respondents via gform distributed with the WhatsApp application. Data analysis with statistics uses the Structural Equation Modeling model

The types of data used are primary data and secondary data. The research data collection tool used is the distribution of questionnaires to respondents via Google form which is distributed with the WhatsApp application in the South Jakarta area. Data analysis with statistics uses the Structural Equation Modeling model.

RESULT AND DISCUSSION

Overview of Questionnaire data

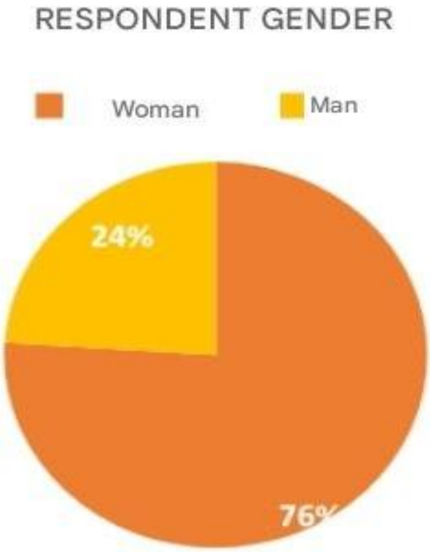

Figure 1. Gender Characteristics
Source: Primary data processed by researchers, 2024

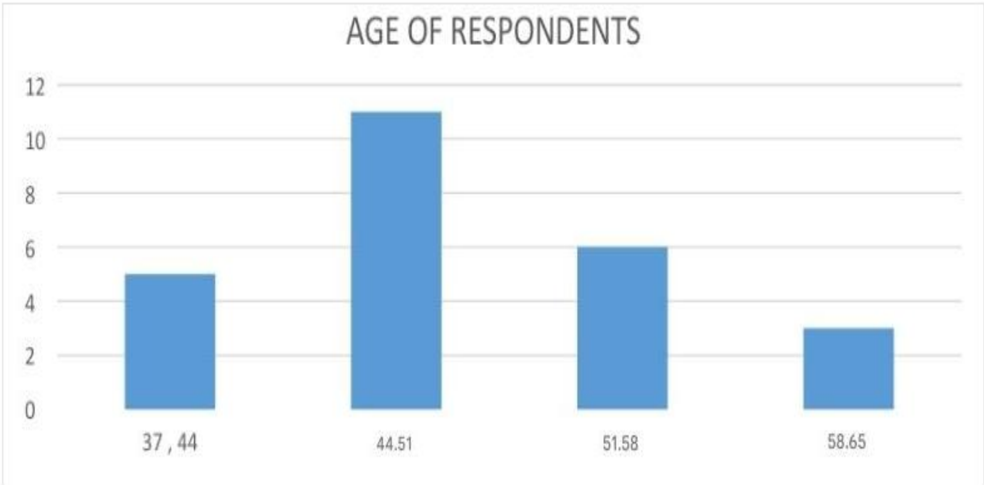

Figure 2. Age Characteristics
Source: Primary data processed by researchers, 2024

To see the influence of Financial culture, Financial behavior and Financial Awareness on financial technology. Evaluation of the model used is using three measurements of composite reliability, average variance extracted and discriminant validity. These three measurements are grouped into convergent validity. Convergent validity is used to measure how much the existing indicators can explain the dimensions. This means that the greater *convergent validity*then the greater the ability of the dimension in applying its latent variables.

To see the influence model of Financial culture, Financial Virtue and Financial awareness on income, Partial Least Square (PLS) analysis was conducted. Evaluation of the indicator measurement model includes examination of individual item reliability, internal consistency or composite reliability, average variance extracted and discriminant validity. The three measurements are grouped into convergent validity.

The statistics used in composite reliability or construct reliability are cronbach's alpha and DG rho (PCA). Cronbach's and DG rho (PCA) values above 0.70 indicate that the construct has high reliability or reliability as a measuring tool. A limit value of 0.7 and above means acceptable and above 0.8 and 0.9 means very satisfactory.

Table 1. Composite Reliability Results

Composite Reliability Variable	
Financial Culture	0.857
Financial Behavior	0.913
Financial Awareness	0.940
MSME income	0.890
Financial Technology	0.960

Source: Out SMART-PLS

Based on the table above, it shows the composite reliability value for Financial Culture of 0.857; Financial Behavior of 0.913; Financial Awareness of 0.940; MSME Income of 0.890 and Financial Technology of 0.960. The five variables obtained a composite reliability value above 0.7 so that it can be said that all factors have good reliability or reliability as a measuring tool.

Average Variance Extracted(AVE) describes the amount of variance that can be explained by the items compared to the variance caused by measurement error. The standard is if the AVE value is above 0.5 then it can be said that the construct has good convergent validity, while the AVE value above 0.3 can be said to be quite good. This means that the Latin variable can explain the average variance value of its indicators.

Table 2. Results of Average Variance Extracted (AVE)

Composite Reliability Variable	
Financial Culture	0.776
Financial Behavior	0.773
Financial Awareness	0.850
MSME income	0.751
Financial Technology	0.735

Source: Out SMART-PLS 4

Based on the table above, the AVE value for Financial Culture is 0.776; Financial Behavior is 0.773; Financial Awareness is 0.850; MSME Income is 0.751 and Financial Technology is 0.735. The five variables obtained a composite reliability value above 0.6 so that the construct has quite good convergent validity. Where the latent variable can explain the average variance value of its indicators.

The calculation results can be seen that all loadings are worth more than 0.5 so they do not need to be set aside. Thus, each indicator has been valid to explain each of its latent variables, namely Financial culture, Financial behavior and Financial awareness and MSME income. In addition to showing the validity of the items of each indicator, the loading factor also shows the magnitude of the contribution of each indicator to its factor.

Structural Model Evaluation

There are several stages in evaluating a structural model. The first is to see the significance of the influence between constructs. This can be seen from the path coefficient that describes the relationship between constructs.

Path Coeffecient Direct

Seeing the significance of the direct influence between constructs can be seen from the path coefficient. The sign in the path coefficient must be in accordance with the hypothesized theory. To assess the significance of path analysis can be seen from the t test (critical ratio) obtained from the bootstrapping process (resampling method).

Table 3. Results of the Path Coefficient of Direct Influence

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
Financial Culture -> Income MSMEs	0.600	0.604	0.083	7,082	0.000
Financial Behavior -> Income MSMEs	0.025	0.026	0.060	0.440	0.657
Financial Awareness -> Income MSMEs	0.420	0.422	0.090	4,670	0.000

Source: Bootstrapping Test

The Pvalue for Financial Awareness on SME Income is 0.000. When compared with the value of α = 5%. then Pvalue (0.000) <α = 5% (0.05) so that H0 is rejected. Thus it can be concluded that there is a significant influence of Financial Awareness on SME Income. The magnitude of the influence on SME Income is 0.420. The positive path coefficient indicates that the higher the Financial Awareness, the higher the SME Income.

The Pvalue for Financial Behavior on SME Income is 0.000. When compared with the value of α = 5%. then Pvalue (0.0659) > α = 5% (0.05) so that H0 is accepted. Thus it can be concluded that there is no significant influence of Financial Behavior on SME Income. The magnitude of the influence of Financial Behavior on SME Income is very small, which is -0.040. The negative path coefficient indicates that the respondent's Financial Behavior is still very low, so it can reduce SME Income.

The Pvalue for Financial Culture on SME Income is 0.000. When compared with the value of α = 5%. then Pvalue (0.000) <α = 5% (0.05) so that H0 is rejected. Thus it can be concluded that there is a significant influence of Financial Culture on SME Income. The magnitude of the influence of Financial Attitude on SME Income is 0.600. The positive path coefficient indicates that the higher the Financial Culture, the higher the SME Income.

CONCLUSION

The results of the research findings concluded that the Financial Behavior owned by the community is still not good enough so that it has not been able to influence the use of financial technology. What is included in Financial Behavior in this case: financial behavior such as determining financial goals, estimating accurate costs of how much to spend, estimating income accurately, planning and budgeting MSME spending, considering alternatives when making financial decisions, adjusting to meet emergency financial conditions, meeting deadlines or bills on time, successfully meeting financial goals and successfully implementing overall spending plans are positive behaviors that can foster high personal financial plans that are carried out. Financial Culture can improve the financial planning of the South Jakarta community. Financial Culture in the form of knowledge of financial products such as Savings, Deposits, Insurance and Investments is good enough so that it can increase the increase in MSME income. Financial Awareness will directly use financial technology if supported by an understanding and knowledge of finance. The awareness owned by MSMEs in understanding their finances is good enough where financial attitudes related to financial literacy affect financial planning. From these findings, it is hoped that the South Jakarta community will continue to have high Awareness to support the use of financial literacy.

This study supports Statman's theory (1995) stating that humans are rational for traditional finance and think normally for financial behavior. While Shefrin (2005) stated that the difference in financial and traditional behavior is indicated by two issues for asset prices, namely: first, this sentiment is a dominant factor in the occurrence of prices in the market for consumer behavior. While financial behavior states that investors do not comply with the theory of utility expectations. This study also proves that digital finance is an important aspect in increasing income and welfare (Prima, 2015)

Financial Technology expected to be used as a non-cash payment instrument that can be used by the general public, especially those who do not have access to banking. What can be used in this case is the use of Electronic Money or what is often called electronic money. This money can be used as a means of payment. The elements that meet are as follows: (a) Issued on the basis of the value of money that is deposited in advance to the issuer; (b) The value of money is stored electronically in a medium such as a server or chip; (c) The value of electronic money managed by the issuer is not a deposit. The use of electronic money can provide the following benefits: (a) Provides convenience in making payment transactions without having to carry cash; (b) No more receiving change; (c) Very easy to implement, especially for mass transactions with small values but high frequency, such as: Tolls, Transportation, Parking and others.

Services that support the community in using financial technology still require support from the government in providing access to financial services to the entire community, providing financial services and products, strengthening synergies with banks, optimizing information and communication technology to expand the scope of digital financial services in the South Jakarta area.

The Director General of Small and Medium Industries (IKM) and the Ministry of Industry as the leading sector in realizing the Industry 4.0 transformation through the Making Indonesia 4.0 roadmap are trying to encourage the implementation of digital technology, so that technological solutions from *.start up* Indonesia will see the potential for innovation from start-ups for industry and society, Waranggani, (2021)

REFERENCES

Bank Indonesia. (2020). *Edukasi financial Technology.*https://www.bi.go.id/id/edukasi-perlindungan konsumen/edukasi/fintech/jasa-sp/fintech/pages/default.aspx

Dupas, Pascaline, and Jonathan Robinson. 2013b. "Why Don't the Poor Save More? Evidence from Health Savings Experiments." American Economic Review, 103(4): 113871

Hansen dan Mowen, 2001. Manajemen Biaya, Edisi bahasa Indonesia, Buku Dua, Edisi Pertama, Salemba Empat , Jakarta

Heck (1999) Determinants of university working-students' financial literacy at the University of Cape Coast, Ghana. Interna-tional Journal of Business and Management, 7 (9), 126–133

Ikatan Akuntan Indonesia. Standar Akuntansi Keuangan No. 23. Salemba Empat: Jakarta. 2007

Irawan, I. (2020). Perencanaan Keuangan Dan Manajemen Biaya Sebagai Upaya Peningkatan Pendapatan Pelaku Usaha Di Desa Timbang Jaya Kecamatan Bahorok Langkat Sumatera Utara. IHSAN: JURNAL PENGABDIAN MASYARAKAT, 2(2), 278-289.

Lee, I.; Shin, Y.J. Fintech: Ecosystem, business models, investment decisions, and challenges. Bus. Horiz. 2018, 61, 35–46

Leong, K. FinTech (Financial Technology): What is it and how to use technologies to create business value in fintech way? Int. J. Innov. Manag. Technol. 2018, 9, 74–78. [CrossRef]

Margaretha, Farah dan Reza Arief Pambudi. (2015). Tingkat Literasi keuangan pada mahasiswi S1 Fakultas Ekonomi. JMLS, Vol.17 N0.1

Peraturan Bank Indonesia Nomor 11/12/PBI/2009 tanggal 13 April 2009 tentang Uang Elektronik (Electronic Money)

Prina, Silva. 2015. "Banking the Poor via Savings Accounts: Evidence from a Field Experiment." Journal of Development Economics, 115: 1631.

Schueffel, P. Taming the beast: A scientific definition of fintech. J. Innov. Manag. 2017, 4, 32–54.

Soemarso, 2003. Akuntansi Suatu Pengantar, Edisi Kelima, Salemba Empat, Jakarta

Undang-undang Nomor 10 Tahun 1998 tentang Perbankan.

Warranggani, A.S 9 2021). Pemerintah Upayakan Percepatan Transformasi Digital Bagi UMKM dengan Teknologi Industri 4.0. https://www.cloudcomputing.id/

Warren, Carl S James M, Reeve and Philip E. Fees Skousen, 2004, Accounting, Edisi Ke-21, Cetakan Pertama, Diterjemahkan Oleh Palupi Wariati, Penerbit Salemba Empat, Jakarta

Widayati, Irin (2012). Faktor-faktor yang mempengaruhi Literasi Finansial mahasiswa FEB Universitas Brawijaya, ASSET : jurnal akuntansi dan Pendidikan , volume 1, Nomor 1, Oktober 2012

World Bank. (2015). Africa Development Indicators 2008/2009: From the World Bank Africa Database. The World Bank.