

The Effect of Financial Literacy and *Payment Gateway* on Financial Performance in MSMEs in Palembang City

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Article Information:

Received: September 02, 2024, Accepted: September 16, 2024, Published: September 19, 2024

Abstract

This research, aimed at testing the influence of financial literacy and payment gateways on the financial performance of MSMEs in Palembang, yields significant findings. The sampling technique, non-probability with purposive sampling, was employed to gather data from 100 respondents in the culinary subsector MSMEs in Palembang. The research method, a quantitative approach involving the distribution of questionnaires, was used. The data analysis, facilitated by SmartPLS 3 software, included the evaluation of measurement models, structural models (inner models), and hypothesis testing. The research results, which are of paramount importance, reveal that financial literacy has a positive and significant effect on financial performance, payment gateway has a negative and insignificant effect on financial performance, financial literacy has a positive and significant effect on payment gateways, and payment gateways are unable to mediate and have a negative impact between financial literacy and financial performance.

Keywords: *Financial literacy, payment gateway, MSME financial performance*

JEL codes: *G53, L26, O31*

How to Cite:

Handina Dwiana, H. Gunarto, M. (2024). The Effect of Financial Literacy and Payment Gateway on Financial Performance in MSMEs in Palembang City. *International Journal of Finance Research*, 5(3). pp. 404 – 418. DOI:<https://doi.org/10.47747/ijfr.v5i3.2100>

1. Introduction

In Indonesia, Micro, Small, and Medium Enterprises (MSMEs) play an important role in economic development as a means to encourage regional development. This sector is a major factor in economic growth, creating job opportunities for the community. Based on Law Number 20 of 2008, MSMEs have a vital role in Indonesia's economy, with laws that provide legal recognition and support to increase growth, create jobs, and expand economic distribution. The phenomenon that occurs in Palembang City MSMEs, based on a pre-survey, shows that some MSME players, especially those with low education, still do not apply modern financial records. They prefer manual recording in books because it is considered easier to understand, while the use of application systems is considered complicated, time-consuming and expensive. They tend to focus only on not incurring losses without paying attention to financial turnover. This shows the importance of improving financial literacy, especially for low-income and low-education groups. In contrast, MSMEs with higher educational backgrounds have implemented financial records according to the accounting system and utilize digital technology in transactions, such as the use of payment gateways. Protection and support for MSMEs is expected to encourage inclusive and sustainable economic progress. However, in managing MSMEs, good performance is needed, especially in financial management. In the city of Palembang, MSMEs contribute greatly to job creation and the improvement of the local economy, but many still face challenges in managing finances effectively. Financial literacy and payment gateway technology are important keys in improving the financial performance of MSMEs. This study aims to analyze the influence of financial literacy and the use of payment gateways on the financial performance of MSMEs in Palembang City, with the hope of providing practical insights and recommendations for MSME actors, as well as being a reference for the government and other stakeholders in supporting the improvement of financial literacy and the adoption of payment technology.

2. Literature Review

The first person to present *Resource Based Theory* is Wernerfelt (1984) in his article entitled "*A Resources-Based View of the Firm*". This theory states that good resources in a company will have an impact on the company's long-term financial performance and make it superior in competing with competitors. An advantage in competing can be created if the company has valuable and scarce resources, so that the resources owned by the company are not easily replaced, imitated, and will last for a long time. *Theory Resource-Based* Explain how a company's work works ideally when it has a good competitive advantage, allowing it to acquire *value added* company. Companies can achieve competitive advantage and better performance by ensuring proper mastery of its assets, including physical and intangible assets, which is the foundation in maintaining competitive strategies as well as achieving significant profits. Intangible assets can be considered strategic assets that provide long-term competitive advantages for businesses. Factors that support this include having intrinsic value for the company, being difficult to replicate by competitors, being rare (only owned by a few companies), and difficult to replace by products from other companies. RBT theory basically examines the resources owned by an organization and how to manage and utilize those resources. Companies can improve their value and financial performance by using (Dewi, 2022) (Hastuti, 2019; R. A. Putri et al., 2023) *payment gateway* more effectively.

Financial literacy affects several factors, one of which is making daily to long-term financial decisions. By understanding and using financial information effectively, individuals can make smarter and more purposeful financial decisions. This is important because the right financial

decisions can affect an individual's financial well-being in the long run. Therefore, it is important for every individual to continue to improve their financial literacy through education, experience, and access to relevant information. According to financial literacy is the ability of individuals to understand, analyze, and manage various aspects of finance in their daily lives. According to the Financial Services Authority (OJK), financial literacy includes an understanding of money management, investment, insurance, and financial planning. Factors that affect financial literacy include education, experience, and access to quality financial information. There are three indicators in financial literacy, as follows:

1. Basic knowledge of financial management
2. Credit management
3. Savings and investment management

With increasing financial literacy, individuals can make smarter financial decisions, better manage risk, and achieve long-term financial goals more effectively. Therefore, it is important for each individual to continue to improve their financial literacy through education, experience, and access to relevant information. According to financial performance, it consists of several indicators, namely: Basic knowledge of financial management, Credit Management, Investment Management or Savings. (Lusardi, 2019) (Lusardi & Mitchell, 2012; Sanistasya et al., 2019) (Hidayati et al., 2018; Lusardi & Mitchell, 2012; Sanistasya et al., 2019)

Payment gateway is one way to process electronic transactions, where *payment gateways* provide tools to process payment transactions between customers, businesses, and banks. *Payment gateways* are also the most important part of a transaction between customers, businesses, and banking institutions. *Payment Gateway* is also used to provide facilities for electronic transactions (Benedicta, 2023)

Payment Gateway is a service that authorizes payments for digital transactions using credit cards, debit cards, bank transfers, or e-money. This service supports online shopping activities and makes it easier to use digital transactions. *Payment gateways* operate automatically and facilitate the transaction process safely and instantly. Every financial transaction is processed in real-time to ensure the safety and convenience of users. (Purnamasari, 2020) According to Ainun (2021), *Payment Gateway* is a fintech engaged in services, namely payments that can be made online through e-wallets. There are several types of applications from *Payment Gateways* including OVO, GOPAY, DANA, Link Aja, and SHOPEEPAY. According to (Saputra, 2019) *payment gateways* consist of several indicators, namely: Flexible: *Fintech payment gateways* must be flexible in the sense that they can adapt to various user needs, both in terms of transaction types, payment methods, and integration with other platforms, Users can easily operate in the application: *Fintech payment gateway* applications. It should be designed with a *user-friendly* interface, so that users can easily understand and use the features provided without the need for special training, Operation is carried out in a timely manner: The *fintech payment gateway* system should be able to process transactions quickly and accurately according to the user's expected time, be it for payment or payment receipt, Simplify the work of users: *Fintech payment gateways* are expected to provide added value by simplifying the transaction process and financial administration for users, such as managing transaction data, financial statements, and so on, *Payment gateways* do it carefully and on

target: Accuracy in making transactions and receiving payments is crucial. *Fintech payment gateways* must be able to ensure that each transaction is processed carefully and in accordance with the purpose desired by the user, Providing good service: The service aspect is the key in maintaining user satisfaction. *Fintech payment gateways* must be able to provide responsive service, help in resolving user problems or questions well, and ensure an overall positive user experience. There are six indicators in the payment gateway, which are as follows:

1. Flexible
2. Users can easily perform operations in the application
3. Operation is done in a timely manner
4. Simplify the work of users
5. Performing thoroughly and on target
6. Provide good service

Financial performance can be interpreted as a special measuring tool that can measure the company's success in achieving profits. The financial performance of MSMEs needs a measuring tool that is not only seen from a financial perspective but also harmonized from a non-financial perspective. One way that can be done to improve or produce good MSME performance is by providing a new innovation for the sustainability of their business, namely innovating in terms of finance or payments by consumers (Ruby, 2022).

The financial performance of MSMEs describes the achievement of the planned strategy so that the success that has been achieved can be improved and can be improved in the future so that it can compete with other MSMEs. The measurement of MSME performance activities is designed to assess how performance activities and final results are achieved. Financial performance plays a very important role in determining the failure or success of running a business, where performance is used as a measure of the success of a company in achieving its goals. In measuring performance, it must have appropriate indicators to produce a good MSME performance because if a performance produced is in accordance with the desired, the business will stand firmly and can be a source of income for an individual and can play an important role in optimizing the national economy. (Hastuti, 2019) According to financial performance, it consists of several indicators, namely: (Hastuti, 2019; R. E. Putri et al., 2022; Riadloh & Nasution, 2023) Profit Growth, Growth in the Number of Customers, Growth in the Number of Assets. Previous research serves as a reference source for the findings of previous researchers, as well as new researchers with similar topics. The goal is to compare and contrast new research with existing research (Waluya et al., 2019). According to (Hastuti, 2019; Putri et al., 2022; Riadloh & Nasution, 2023) financial performance consists of several indicators, namely:

1. Profit growth
2. Growth in the number of customers
3. Growth in total assets

Research related to the influence of financial literacy and payment gateways on the financial performance of City MSMEs is still rare. Thus, research related to the topic still needs to be further researched and tested to determine the consistency of the results on the topic. This research is a development of research conducted by , with the title "The Influence of

(Journal & Mea, 2024) *Fintech P2P Lending And Payment Gateway* on the Financial Performance of MSMEs in Karawang Regency" but there is a slight difference with the research. The difference between this study and the previous research lies in the variables and objects, where in this study the researcher replaced the variables *Fintech P2P Lending* with the variables of Financial Literacy and MSMEs in Palembang City as objects. (Ratnawati, 2014)

The Relationship Between Financial Literacy and Financial Performance in MSMEs in Palembang City According to Financial Literacy involves a deep understanding of financial concepts and risks, coupled with practical skills, strong motivation, and a firm belief in applying that knowledge and understanding effectively in making wise financial decisions in various financial situations. Financial literacy is an important key for every entrepreneur. One of the strategies that can improve company performance is to increase the financial knowledge of business actors, because financial literacy and financial management are directly related to the company's business development, which in turn has a positive impact on individual income. (Dewi, 2022) Through increased financial literacy, individuals can make smarter financial decisions, better manage risk, and achieve long-term financial goals more effectively. Therefore, every individual is expected to continue to improve their financial literacy through education, experience, and access to relevant information.

Relationship Between *Payment Gateway* on Financial Performance in MSMEs in Palembang City The use of fintech in their business activities can increase and provide new opportunities for exploration in order to develop the business. The ease of using financial technology in activities has made industry players, especially MSMEs, begin to feel an improvement in the performance of the businesses they run. With the emergence of information technology, people can use and utilize technology that has been modernized and can also take advantage of the facilities provided by various related parties in advancing information technology in Indonesia. *Payment gateway* It helps people who like to shop online and people who like to use digital transactions. *Payment gateway* It is carried out fully automatically and facilitates the transaction process. All financial transactions are processed securely and *real time*. Electronic money payments are fast, convenient, and can increase transaction volume which is a presentation of the financial performance of MSMEs, where the existence of *Payment Gateway* can increase the efficiency of non-cash payments (Herdinata & Pranatar, 2019). The Effect of Financial Literacy on the Financial Performance of MSMEs. Financial literacy can help business actors as economic agents to acquire financial knowledge, skills and abilities appropriately in the preparation of business financial strategies (Sanistasya et al., 2019). With increased financial literacy, individuals can make more financial decisions. Therefore, every individual is expected to continue to improve their financial literacy through education, experience, and access to relevant information. The research conducted shows that Financial Literacy has a positive and significant influence on financial performance. Meanwhile, research conducted by shows that Financial Literacy has a significant positive influence on the financial performance of MSMEs. Based on the above statement, the hypothesis to be tested is: (Dewi, 2022) (Hamidah et al., 2020)

H1: Financial literacy has a positive and significant effect on the financial performance of MSMEs in Palembang City.

The Influence of *Payment Gateways* on the Financial Performance of MSMEs. The acceptance of *Payment Gateways* by the public results in an increase in income which in turn contributes to the financial performance of MSMEs (Dermawan, 2019). *A payment gateway* is

a transaction provided by an *e-commerce* application service that can provide payment processing online or electronically. So that with this payment gateway, payment or purchase transactions can be made easier. (Benedicta, 2023). Research conducted by Shania Rizky, Fitria Suri (2023), Siti Maysaroh, Diansyah (2022), Deka Anggun Lestari, Endah Dewi Purnamasari (2020) shows that *Payment Gateway* has a significant influence on financial performance. Meanwhile, research conducted by shows that (Journal & Mea, 2024) *Payment Gateways* have no influence on the financial performance of MSMEs. Based on the above statement, the hypothesis to be tested is H2: *Payment Gateway* has a positive and significant effect on the financial performance of MSMEs in Palembang City.

The Effect of Financial Literacy on *Payment Gateways* in MSMEs in Palembang City. With good financial literacy, MSME owners can understand the benefits and risks associated with digital payment technology, so they are more confident in adopting it. High financial literacy allows for more efficient cash flow management, makes it easier to track income and expenses, and improves financial planning. Additionally, understanding payment gateways opens up access to a wider market, allowing for the acceptance of a variety of payment methods that make it easy for customers. Financial literacy also helps MSMEs save transaction and operational costs, increase professionalism and credibility in the eyes of customers, and encourage adaptation to technological innovation. Thus, good financial literacy is the key for MSMEs in Palembang City to maximize the use of *payment gateways*, increase efficiency, reduce costs, and expand business growth opportunities. Based on the above statement, the hypothesis that will be tested is H3: Financial Literacy affects *Payment Gateway* in MSMEs in Palembang City.

The Influence of Financial Literacy and *Payment Gateway* On the financial performance of MSMEs. Research conducted (Benedicta, 2023) shows that Financial Literacy and *Payment Gateway* has a positive and significant influence on financial performance. Based on the above statement, the hypothesis to be tested is H4 : Financial Literacy and *Payment Gateway* simultaneously has a positive and significant effect on the financial performance of MSMEs in Palembang City.

3. Research Method

The design of this study is Quantitative Research. The research method used is the survey method, which takes samples from the population using questionnaires and observations as the main data collection tools. This study is designed to understand or analyze the influence of financial literacy and *payment gateway*. The scope of this research is Micro, Small and Medium Enterprises (MSMEs) of Palembang City. The object of this study is Financial Literacy and *Payment Gateway* carried out by Palembang City MSMEs. The subject of the study is MSME Actors in Palembang City. The MSMEs in question are businesses that are categorized as micro, small and medium in the culinary field

In this study, the population taken is MSME actors in Palembang City. In order for the results of the study to be more accurate, in this case, the researcher limits MSME actors to be used as a population, the MSME actors who will be used as a population in this study are MSME actors in the culinary subsector, which is 12,811 MSME actors. The population is taken from the number of MSME actors in Palembang City which are located in Ilir Barat I, Ilir Barat II, Seberang Ulu I, Seberang Ulu II, and Jakabaring Districts. the population is 12,811 MSMEs, so the sample in this study is 99.22 but because the subject is not a fractional number, it is rounded to 100 respondents from MSME actors in Palembang City, where the MSME actors

referred to in this research sample are MSME actors in the middle class and those engaged in the culinary industry sector. Operational variables are used as instructions on how to measure a variable, so that it becomes a variable that can be observed and measured by determining what is needed to achieve a certain goal. This study was conducted to determine the influence of financial literacy and payment gateways on financial performance in MSMEs in the city of Palembang using one bound variable (*dependent*) and two independent variables (*independent*). The bound variable (*dependent*) in this study, namely financial performance, while the independent variable (*independent*) is financial literacy.

The research uses primary data, namely distributing questionnaires directly to MSME actors who are selected as samples, secondary data is obtained from various sources related to MSME management, such as data issued by the Cooperative and SME Office and related literature that we have researched. The data collection technique is through observation methods by observing the research object, face-to-face interviews and direct questions and answers between data collectors and researchers to sources or data sources, and questionnaires that in this study use questionnaires made and distributed to respondents of Palembang City MSMEs in the culinary sector.

Then the data was analyzed using *the Smart-PLS software*. *Smart-PLS (Partial Least Square)* is to test the relationship between variables. *Smart-PLS* has the ability to test SEM models both formative and reflective, using different indicator measurement scales in a single model and the number of samples required for analysis is relatively small. Different types of scales, such as category ratio scales, Likert, and others, can be tested in a single model. However, there is a drawback in the use of *Smart-PLS*, namely *Smart-PLS* can only process data from Excel files in CSV format.

In general, *Structural Equation Modeling (SEM)* is a multivariate statistical analysis technique that combines factor analysis approaches, structural models, and path analysis. It is a more complex method than regression or path analysis because it involves the construction of measurement models and structural models. SEM allows testing of complex and non-linear relationships between variables. It can also be seen as a combination of regression analysis and factor analysis. In SEM, there are three activities that are carried out simultaneously, namely checking the validity and reliability of instruments (*confirmatory factor analysis*), testing the relationship model between variables (*path analysis*), and finding a suitable model for prediction purposes (structural model and regression analysis).

Measurement models are used to evaluate the validity and validity of discrimination, while structural models describe hypothetical relationships. The use of statistical software can make SEM analysis easier. Currently, several statistical software is available to perform SEM analysis, including Lisrel, AMOS, and *Smart PLS*.

The data analysis method with *Partial Least Squares Analysis (PLS)* is a statistical method used to analyze the relationship between latent variables in a model. The main purpose of PLS analysis is to understand and test the relationship between latent variables that cannot be directly observed, but can be represented through measurable indicators. PLS analysis is often used in the context of *Structural Equation Modeling (SEM)*, where the relationship between complex latent variables can be tested using this technique. In the PLS analysis, the proposed conceptual model is tested by paying attention to the relationship between the latent variable and the observation variable (or indicator), as well as the relationship between the latent variable itself. This method allows researchers to check the validity of the model, test the

hypothesis proposed, and understand the complexity of the relationships between variables in a model.

Outer model *analysis* is used to explain the relationship between indicators and their late variables. There are several calculations to measure the outer model, namely, as follows: *Convergent validity* is the value of *loading* factors on latent variables with their indicators. The expected value is > 0.7 . If the loading factor value is above 0.70, then the measure is declared ideal or valid as an indicator that measures the construct, *Discriminant validity* is a *cross loading* factor value that is useful whether the construct has adequate discrimination. By comparing the value of the intended construct must be greater than the value of other constructs. This shows that latent constructs predict the size of blocks better than other block sizes., *Composite reliability* is a measurement if the reliability value is > 0.7 , then the construction value has a high reliability value. This shows that a reliability value above 0.7 is acceptable. Furthermore, hypothesis testing, and variable measurements were carried out.

4. Findings and Discussions

Micro, Small and Medium Enterprises (MSMEs) are one of the business units that drive the economy in various fields in the interests of the community. The presence of MSMEs is expected to improve the economy and its existence is able to encourage the availability of jobs for the community so that it can reduce the unemployment rate in Indonesia. The city of Palembang has a lot of potential in encouraging economic growth, one of which is MSMEs. This area has a variety of culinary delights such as kemplang crackers, pempek, burgo and others that are characteristic of the city of Palembang. MSMEs in the culinary sector in Palembang City have many enthusiasts so that the number of business actors in each sub-district is increasing. This study analyzes the units of MSME actors in the culinary sector in Palembang City which amounted to 110 respondents. Respondents were asked several questions related to financial literacy, *Payment Gateway*, and MSME Financial Performance. Then to complete the respondent's profile, the characteristics of the respondents are grouped based on gender, last education, age of business, and monthly sales turnover. This grouping of respondents aims to find out clearly the characteristics of the respondents who are the object of the research.

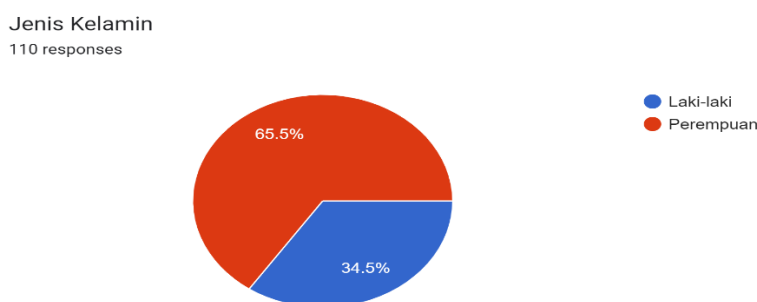


Figure 1. Characteristics of respondents by gender

Source: Primary Data Processed 2024

Figure 1 shows that 65.5% (72 people) of the respondents were men, and 34.5% (38 people) were women. This shows that MSME actors in the city of Palembang are more men than women. Men are considered the main breadwinners for the family, while the burden is more

on housewives, who are required to take care of the house and children.

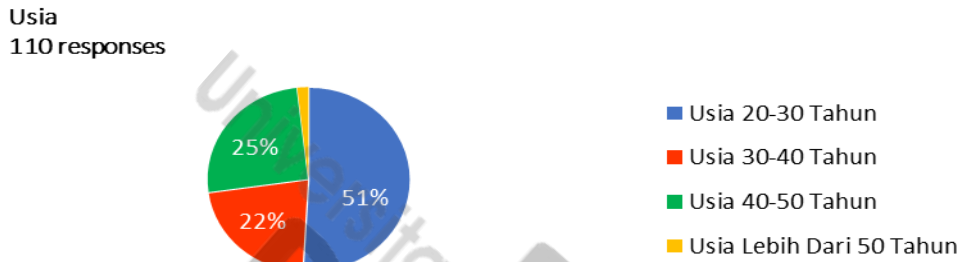


Figure 2. In Characteristics of respondents by age
Source: Primary Data Processed 2024

Figure 2 shows that the X axis shows the respondents' age, and the Y axis shows the number of respondents. The respondents who own MSMEs the most are 25 years old. This means that MSME business owners are in the young adult phase, which is indeed a productive age to stabilize their careers or have a business.

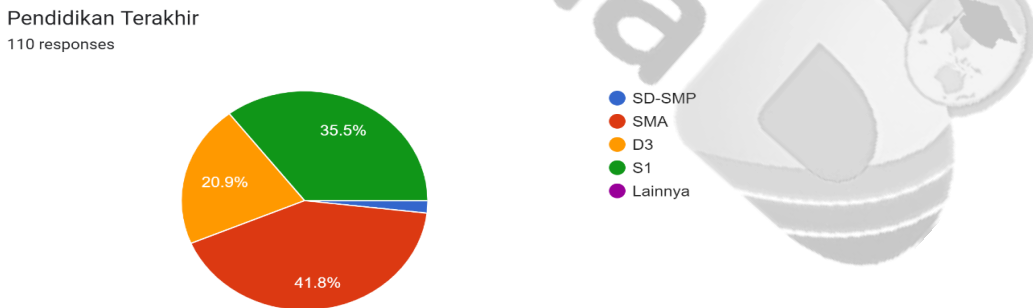


Figure 3. Characteristics of respondents based on last education
Source: Primary Data Processed 2024

Based on figure 3, it shows that most of the respondents 41.8% (46 people) have a high school education level, 35.5% (39 people) have a S1 level, 20.9% (23 people) have a D3 level and 1.8% (2 people) have an elementary and junior high school education level. Thus, the sample in this research is the most recent education at the high school level. This shows that to start a business/business, you don't have to be a bachelor's degree, even just a high school level if you have the will and feel that someone can start the MSME business.

Umur Usaha



Figure 4. Characteristics of respondents based on age of business

Source: Primary Data Processed 2024

Figure 4 shows that the X axis is the age of the effort, and the Y axis is the number of respondents. It can be seen that the maximum age of MSME businesses is 1 year old. Ini. The MSMEs are considered new but have implemented the Payment gateway system, which shows that the business is ready to adopt modern technology. With the use of digital from an early age, MSMEs have the opportunity to grow and develop better in an increasingly digitally connected business environment.

Omset Penjualan per Bulan
110 responses

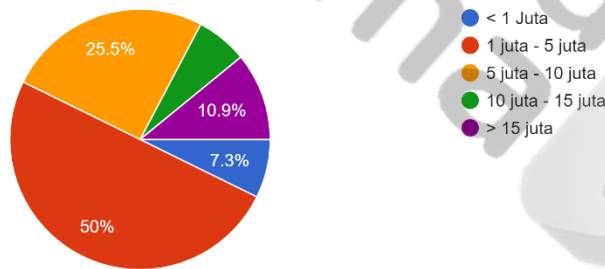


Figure 4. Respondents' characteristics based on monthly sales turnover

Source: Primary Data Processed 2024

Based on figure 5, it shows that most of the sales turnover per month owned by the research sample of 1 million -5 million is 50% (55 people), from 5 million to 10 million 25.5% (28 people), 15 million is 10.9% (12 people), 10 million to 15 million is 6.4% (7 people) and below 1 million is 7.3% (8 people). Thus, the sales turnover per month that is most owned by the research sample is 1 million – 5 million.

Metode Pembayaran yang Digunakan
110 responses

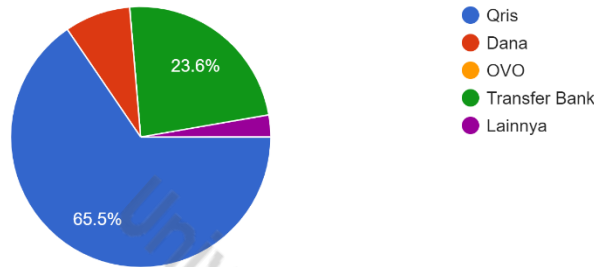


Figure 5. Respondent characteristics by payment method

Source: Primary Data Processed 2024

Based on figure 6, it shows that most of the respondents who use the Qris payment method are 65.5% (72 people), Dana is 8.2% (9 people), bank transfer is 23.6% (26 people), Others are 2.7% (3 people) and Ovo is none. Thus, it can be concluded that those who use the most widely used payment method are Qris by 65.5% as many as 72 people.

Other Model

The PLS-SEM model was evaluated using Smart-PLS 3.0 to measure the evaluation of factor analysis results, test the validity and reliability of the confirmation of latent constructs. Furthermore, it is followed by evaluating and testing the structural model to test the significance of the latent relationship between constructs or variables.

The measurement model or outer model in this study consists of a reflective measurement model where the variables of financial literacy, payment gateway, and financial performance are measured reflectively. This measurement model assesses *convergent validity, discriminant validity, and composite reliability*.

Because there is an invalid or red value, namely a value of < 0.07 , an outlier is carried out, by removing one or more indicators as described below so that all indicators are valid, as follows:

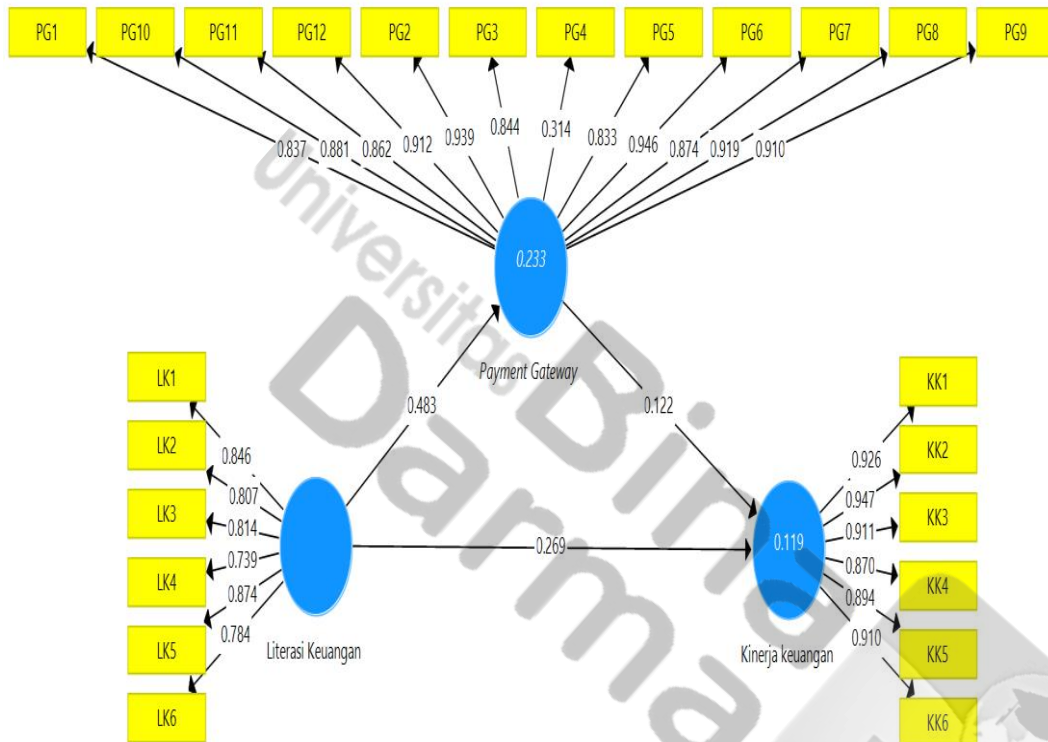


Figure 6. Outher Previous models outlier

Source: Data Processed by SmartPLS 3

In figure 7, an outlier is carried out on the *payment gateway indicator* that goes to PG4 because the value < 0.07 means that it does not meet the validity assumption.

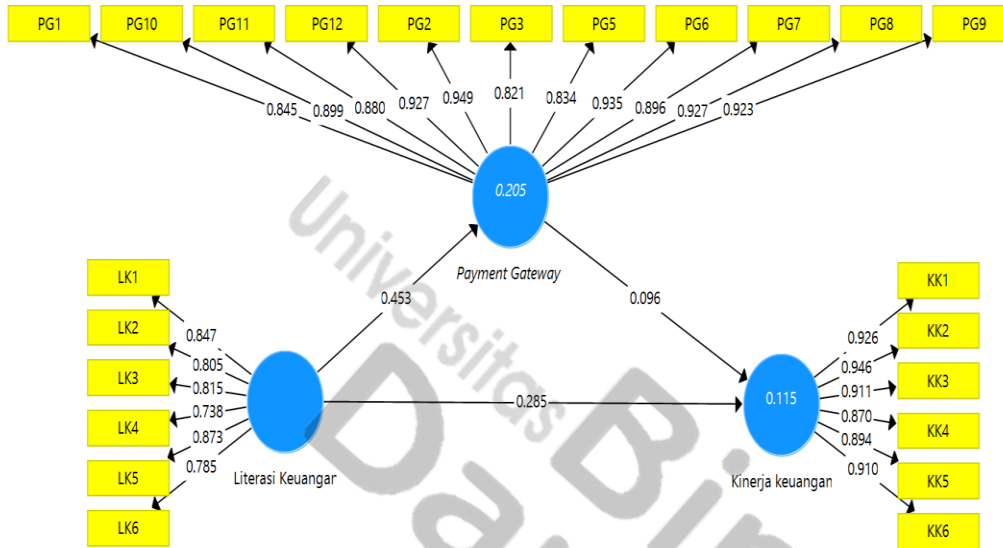


Figure 7. Outer model after outlier

Source: Data Processed by SmartPLS 3

Figure 8. is the outer model after the outlier where all the values of each indicator are above 0.07.

The hypothesis test can be seen based on the previous analysis, so to see the results of the hypothesis test can be seen from the t-statistic and p-value. This hypothesis is acceptable if the p-value < 0.05. To see the results of this effect, you can see the results in the *coefficients patch* table located in the *bootstrapping* section of SmartPLS. The results of the hypothesis test can be seen in the table below:

Table 1. Total Influence Test Results (direct influence)

	Original Sample (O)	Average Sample (M)	Standard Deviation (STDEV)	T Statistical (O/STDEV)	P Values
Financial Literacy -> Financial Performance	0,328	0,343	0,073	4,492	0,000
Financial Literacy -> Payment Gateway	0,453	0,464	0,072	6,288	0,000
Payment Gateway -> Financial performance	0,096	0,092	0,106	0,903	0,367

Source: Data Processed by SmartPLS3

From 1. above, the influence of financial literacy on financial performance can be explained with a p-value of 0.000 < 0.05. So it can be concluded that H1 is accepted, which means that financial literacy affects financial performance. The effect of payment gateways on financial

performance with a p-value of $0.367 > 0.05$. So it can be that H2 is rejected, which means that the payment gateway does not affect financial performance. The effect of financial literacy on payment gateways with p-values of $0.000 < 0.05$. So it can be concluded that H3 is accepted, which means that financial literacy affects the payment gateway.

Next to see the indirect influence. The results of this assessment explain the significance indirectly or using mediation which can be seen in the table below:

Table 2. Results of indirect praise

	Original Sample (O)	Average Sample (M)	Standard Deviation (STDEV)	T Statistical (O/STDEV)	P Values
Financial Literacy -> Payment Gateway -> Financial Performance	0,043	0,042	0,050	0,869	0,385

Source: Data Processed by SmartPLS3

From the results of table 2, it can be seen that the Statistical T value is 0.869 and the P Values are 0.385. Thus, it can be concluded that the financial literacy variable on the financial performance of MSMEs through *the payment gateway* turns out to be a statistical t value of $0.869 < t$ table 1.65 and a p value of $0.385 > p$ value 0.05 which shows that the influence is rejected or insignificant. This means that *payment gateways* are not able to mediate and have a negative effect on the financial performance of MSMEs.

The results of testing the financial literacy hypothesis on the financial performance of MSMEs, indicated that H1 was accepted. With a p-value of $0.000 < 0.05$, which means that financial literacy has a positive and significant effect on the financial performance of MSMEs. This shows that good financial literacy allows individuals to make wiser decisions about the use of their money, such as choosing the right investment products, managing debt wisely, and planning for long-term finances. Financial literacy is very important for Micro, Small, and Medium Enterprises (MSMEs) because it helps business owners manage their business finances more effectively and efficiently. It can be concluded that good financial literacy allows MSMEs to manage their resources more effectively, make smarter decisions, and improve their overall financial performance. This can ultimately help MSMEs grow and develop, making a positive contribution to the economy.

The results of the *Payment Gateway hypothesis* test on the financial performance of MSMEs, indicating that H2 was rejected. With a p-value of $0.367 > 0.05$, which means *that the payment gateway* has a negative and insignificant effect on the financial performance of MSMEs. It can be concluded that the relationship between the use of payment gateways and the financial performance of MSMEs may not be significant due to several factors. For example, transaction and maintenance fees charged by payment gateways can reduce profit margins, especially for MSMEs with low sales volumes. Furthermore, reliance on technology and third parties can present unanticipated operational risks, such as technical disruptions or delays in disbursement of funds, which can disrupt cash flow and daily operations. Thus, although payment gateways offer convenience and security in transactions, their impact on the financial performance of MSMEs can be insignificant or even negative, depending on the business context and the market concerned.

The results of the financial literacy hypothesis test on *the payment gateway* showed that H3

was accepted, with a p-value of $0.000 < 0.05$. So it can be concluded that H3 is accepted, which means that financial literacy affects the payment gateway. It can be concluded that the relationship between financial literacy and the use of payment gateways in MSMEs shows a positive influence because good financial literacy allows business owners to better understand and manage the costs and benefits associated with this payment technology. With adequate financial literacy, MSME owners can effectively assess transaction costs, understand how payment gateways work, and choose the most profitable services for their business. They are also able to integrate payment gateways with their financial systems, optimize cash flow, and avoid potential fraud or errors that can occur. In addition, a good understanding of financial management helps MSMEs to utilize the transaction data provided by payment gateways for better financial analysis and business planning. Thus, good financial literacy strengthens the ability of MSMEs to make optimal use of payment gateways, which can ultimately improve their operational efficiency and overall financial performance.

5. Conclusion

The results of this study show that financial literacy has a positive and significant influence on the financial performance of MSMEs, with a p-value of $0.000 < 0.05$. This means that MSME owners with good financial literacy can make wiser financial decisions. On the other hand, the use of payment gateways did not show a significant influence on the financial performance of MSMEs, with a p-value of $0.367 > 0.05$, likely due to transaction costs and dependence on technology. Financial literacy has also been proven to positively affect the use of payment gateways, but payment gateways do not moderate the relationship between financial literacy and the financial performance of MSMEs. In conclusion, increasing financial literacy is key to improving the financial performance of MSMEs, while payment gateways need to be further evaluated to ensure their benefits for MSMEs.

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