

THE DIGITAL FINANCIAL LITERACY AND CURRENT FINANCIAL BEHAVIOR IN INDONESIA SMALL MEDIUM ENTERPRISE

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ABSTRACT

The aim of this research is to analyze the influence of digital financial literacy on current financial behavior, such as spending behavior, savings behavior, and investment behavior among small and medium entrepreneurs in Indonesia. The method used in this research is a survey method. The data used are primary data collected through the distribution of questionnaires to 383 respondents. The sample in this research consists of small and medium entrepreneurs in Indonesia. Data analysis was conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS) to estimate the relationships among latent variables. The results of this research show that digital financial literacy possessed by entrepreneurs influences spending behavior, savings behavior, and current investment behavior. The implication of this research is that the findings can be used by policymakers as a basis for formulating policies related to digital financial literacy, especially for small and medium entrepreneurs.

Keywords: Digital, Financial Literacy, Financial Behavior, Small Medium Enterprise

ABSTRAK

Tujuan penelitian ini adalah untuk menganalisis pengaruh literasi keuangan digital terhadap perilaku keuangan saat ini, seperti perilaku pengeluaran, perilaku menabung, dan perilaku investasi pada pelaku usaha kecil dan menengah di Indonesia. Metode yang digunakan dalam penelitian ini adalah metode survei. Data yang digunakan merupakan data primer yang diperoleh melalui penyebaran kuesioner kepada 383 responden. Sampel yang menjadi objek penelitian ini adalah pelaku usaha kecil dan menengah di Indonesia. Analisis data dilakukan dengan menggunakan Structural Equation Modeling–Partial Least Squares (SEM-PLS) untuk mengestimasi hubungan antar variabel laten. Hasil penelitian menunjukkan bahwa literasi keuangan digital yang dimiliki oleh pelaku usaha berpengaruh terhadap perilaku pengeluaran, perilaku menabung, dan perilaku investasi saat ini. Implikasi dari penelitian ini adalah bahwa temuan penelitian dapat digunakan oleh para pembuat kebijakan sebagai dasar dalam merumuskan kebijakan terkait literasi keuangan digital, khususnya bagi pelaku usaha kecil dan menengah.

Kata Kunci: Digital, Financial Literacy, Financial Behavior, Small Medium Enterprise

INTRODUCTION

The Small and Medium Enterprises (SME) sector has an crucial position within the Indonesian economic system, contributing 61% to GDP or IDR 8.573 trillion and soaking up ninety seven% of the workforce. Given its big contribution, the government ought to prioritize the growth and improvement of the SME zone, not handiest thru funding however additionally thru increasing virtual literacy. even though the authorities goals 30 million SMEs to adopt virtual generation by means of 2024, best 24% of SMEs make use of virtual

era by using selling on e-trade systems. The authorities is trying to inspire the adoption of digital generation by way of SMEs to keep productiveness and adapt to changes in patron conduct. in addition to economic support, the government offers various services together with electronic allow registration, export standardization, certification facilitation, access to loans and guarantees, in addition to preferential remedy for authorities and kingdom-owned items and services.

The cutting-edge development of statistics technology has introduced predominant adjustments in all fields, inclusive of finance. The emergence of financial technology (Fintech) is evidence that digital generation has penetrated the financial region. Fintech itself refers to any sort of technological innovation that allows or improves the provision of economic services. Examples of this form of fintech encompass offerings which include digital payments, peer-to-peer lending, cryptocurrencies, and crowdfunding. The lifestyles of fintech makes it less difficult for people to access monetary offerings speedy and comprehensively. You no longer want to visit the bank or queue at an ATM to make bills or transfer cash; you may try this out of your telephone using cell banking, net banking, or e-pockets. aside from that, via on-line loan programs, people can without difficulty and fast access financial services related to their fundraising activities, each inside the form of peer-to-peer lending and crowdfunding. Likewise, you may carry out investment sports using numerous to be had packages together with Stockbit, maximum, and so on. Given its comfort, it isn't always unexpected that digital generation-based totally monetary merchandise are growing unexpectedly in numerous elements of the world, along with Indonesia. Based totally on information launched with the aid of the Financial Offerings Authority, as of February 2021, there are currently 169 trillion loan transactions thru fintech in Indonesia. This number has jumped to 81 trillion on the grounds that December 2019. however, unluckily, the fast development of virtual products in the monetary zone has not been observed with the aid of expanded public education inside the digital economic quarter, which is called digital financial literacy.

Monetary literacy itself is described as the capability to recognize, examine, manipulate and talk non-public monetary issues (Prasad et al., 2018). consequently, digital financial literacy (DFL) can be interpreted as the level of know-how of each individual concerning economic literacy the use of digital generation. Technological innovation inside the financial zone, like different technological innovations, now not only affords benefits for customers within the shape of comfort, velocity and savings, however also has capacity risks consisting of robbery and loss of information, making digital finance very essential. The OECD (2018) also said the equal issue in (Setiawan et al., 2020) that each the government as coverage makers and society as perpetrators of sports should be fully aware about the advantages and risks supplied with the aid of virtual financial technology.

The effects of the 2022 national economic Literacy and Inclusion Survey (SNLIK) based totally at the economic services Authority (OJK) research report show that the monetary literacy index of Indonesian society is 49.sixty eight%, an increase in comparison to 2019. This suggests that it's miles simplest 38.03%. This circumstance method that round 49 out of 100 Indonesians have ok monetary management abilities. meanwhile, the financial inclusion index reached 85.10%, an growth compared to SNLIK's 76.19% within the first semester of 2019. The economic inclusion index for all provinces in Indonesia turned into above 50%. This suggests that the gap among literacy and inclusion levels is getting smaller.

Economic literacy is the knowledge and abilities people need to manage their economic resources efficaciously and efficaciously to enhance their widespread of residing. in keeping with Lusardi & Mitchell (2011), monetary literacy is a talent that everyone ought to have. Delgadillo (2014), however, defines economic literacy as the concept of expertise and the way to apply that understanding to make decisions, through thinking about and dealing with to be had resources and the particular circumstances of each man or woman or circle of relatives. Lusardi (2019) states that monetary literacy is a person's economic information and conduct. There are three concepts in this context. (1) Numerical fee. refers to the capacity to calculate hobby rates and recognize compound interest. (2) expertise inflation. (3) understanding hazard distribution (Lusardi, 2019).

LITERATURE REVIEW

In general, studies on monetary literacy tends to awareness on small and medium-sized organizations around the arena, and now not at the forms of companies studied (Okello, Ntayi, Munene, & Malinga, 2017; Zhang & Xiong, 2019). therefore, this research fills this gap through that specialize in tourism MSMEs. in line with the increasing hobby in economic literacy studies, empirical proof shows blended findings. financial education has been confirmed to have a fine and large have an effect on on financial conduct (Buchdadi, Sholeha, Ahmad, & Mukson, 2020; Sumani, Awwaliyah, Suryaningsih, & Nugraha, 2022; Tang & Baker, 2016). moreover, the connection between financial literacy and the financial overall performance of MSMEs become discovered to be nice and vast (Anshika, Singla, & Mallik, 2021; Mukarromah, Jubaedah, & Astuti, 2020). however, other studies shows that financial literacy does no longer have a sizeable affect on financial behavior (Herdjiono, Damanik, & Musamus, 2016; Purwidiyanti & Tubastuvi, 2019; Strömbäck, Lind, Skagerlund, Västfjäll, & Tinghög, 2017).

Currently, research associated with virtual financial literacy continues to be confined. but, others had been found, consisting of research performed through Prasad et al. (2018), Tony and Desai (2020), Liew et al. (2020), and Setiawan et al. (2020). of those research, two of them had been performed in India, specifically Prasad et al. (2018) and Tony and Desai (2020), while studies by Setiawan et al. (2020) conducted in Indonesia. research conducted by Prasad et al. (2018) targeted more on mapping digital economic literacy among families in India. Then Tony and Desai (2020) goal to peer the relationship between digital monetary literacy and monetary inclusion in wellknown. in the meantime, Liew et al. (2020) studied the level of digital monetary literacy related to 252 farmers inside the Sarawak place, at the same time as Setiawan et al. (2020) examined the connection between virtual monetary literacy and saving and buying behavior on the island of Java. the restrictions of this research will surely have an impact on restricted understanding of digital monetary literacy, especially its significance. therefore, the difficulty of digital economic literacy continues to be very applicable and really wishes to be discussed and researched.

On the other hand, many research take a look at the adoption of digital era in the financial zone. a number of them try and take a look at the relationship between the adoption of virtual financial era merchandise and those's saving and buying behavior, consisting of Cobla and Osei-Assibey (2018), Agarwal et al. (2019), and Moenjak et al. (2020). Cobla and Osei-Assibey (2018) attempted to see the effect of electronic payments on college students' buying conduct in Ghana, and they discovered that electronic payments stimulated an increase in purchasing conduct. moreover, Agarwal et al. (2019) actually discovered that digital bills

or digital payments led to overspending (immoderate spending or spending) in India. In contrast to preceding studies, Moenjak et al. (2020) attempted to peer the relationship among the adoption of digital economic era and saving conduct and discovered that virtual generation in the monetary sector influences patron saving conduct in Thailand. despite the fact that the global Findex Database (2017) reviews a downward trend in financial savings in conventional financial establishments and vice versa, there is an boom in the amount of financial savings in virtual monetary merchandise (Demirguc-Kunt et al., 2018). The same thing also takes place in investment activities. This indicates that digital monetary generation affects people's financial conduct.

From those research, it could be visible that preceding research targeted more on searching at the effect of digital generation merchandise within the monetary sector on human beings's financial behavior, even as studies looked at the impact of digital economic literacy tiers on economic behavior (virtual behavior), specifically in phrases of saving, buying and making an investment remains very uncommon. based totally at the previous rationalization and objectives, this research attempts to peer the relationship among virtual financial literacy and economic behavior, particularly in terms of saving, buying and making an investment. the newness of this studies is that it shows a map of the extent of digital financial literacy amongst small and medium marketers in Indonesia. This studies additionally indicates the readiness of marketers in Indonesia to apply digital monetary products. This research expands the discussion of the concept of deliberate behavior via assessing the function of monetary conduct as a aspect prompted by way of way of monetary literacy.

Digital financial literacy can be defined as a person's level of knowledge concerning on line purchases, online payments with diverse charge modes, and online banking systems (Prasad et al., 2018). additionally, Morgan et al. (2019) attempted to provide an explanation for digital economic literacy thru four conceptual dimensions: knowledge of digital financial products and services, consciousness of the dangers of virtual monetary products and services, understanding of virtual financial hazard manipulate, and understanding of patron rights and redress tactics.

Setiawan et al. (2020) said that someone's level of digital economic literacy is significantly inspired through the individual's social characteristics. these social characteristics are frequently referred to as socio-economic conditions, which encompass age, income and schooling. of their studies, Setiawan et al. (2020) located that a person's level of education and earnings greatly influence their degree of digital monetary literacy. The studies consequences support studies conducted by using Wangmo (2015) and Nanziri and Olcker (2019) which determined that an individual's earnings degree is a issue that impacts an character's degree of financial literacy

Financial behavior is associated with an character's mind-set in managing financial resources. properly financial conduct is defined with the aid of powerful conduct, inclusive of preparing financial data, documenting coins flow, making plans fees, paying utilities, handling credit cards, and planning savings (Zaimah, Masud, Haron, Othman, Awang, & Sarmila, 2013). economic behavior studies how people behave in making economic choices. preceding research indicates that financial control has a advantageous impact on monetary overall performance (Mendoza, 2015; Wirawan, Fadah, Suryaningsih, & Wulandari, 2021). other studies suggests that financial knowledge, attitudes, personality and intentions impact financial control conduct (Mukarromah et al., 2020).

One of the most influential models used to explain human social behavior is the Theory of Planned Behavior (TPB) (Ajzen, 2011). TPB was developed by Ajzen (1991), and is an extension of the Theory of Reasoned Action (TRA) founded by Fishbein and Ajzen (1975). According to this theory, humans consider all available information when they consciously act and use financial knowledge to make strategic decisions. This means that someone will act rationally by using all available information and carrying out calculations both directly and indirectly. TPB has been widely used by previous researchers to link financial literacy levels with financial behavior (Arianti, 2017; Daragmeh et al., 2021; Meyliana et al., 2019; Normawati et al., 2021).

In this research, this concept is likewise used to investigate the relationship among virtual financial literacy and financial behavior. This theory additionally explains that a high quality mind-set closer to budget substantially determines the success or failure of monetary behavior. If a person's mindset closer to finances is tremendous then he might be liable for his monetary state of affairs and could want to save, invest and plan for the future (Arianti, 2017; Normawati et al., 2021). therefore, a person's level of virtual economic literacy will even impact person financial conduct, mainly in terms of saving, buying and investing behavior (Panos & Wilson, 2020). Of path, this statement still wishes to be established authentic thru research. but, due to the constrained studies that examines virtual financial literacy, and alternatively, there are numerous research that hyperlink monetary literacy with financial conduct (Azlan et al., 2015; Fernandes et al., 2014; Henager & Cude, 2016; Sayinzoga et al., 2016), so this studies tries to depend upon these research to give an explanation for the relationship among the level of digital economic literacy and financial conduct. This become confirmed through Setiawan et al. (2020) which states that the effect of digital economic literacy on economic behavior must be similar to the effect of non-virtual monetary literacy.

METODE PENELITIAN

This studies can be labeled as an Explanatory studies type of research. in keeping with Sugiyono (2019), explanatory studies is a research approach that ambitions to provide an explanation for the location of the variables studied and the have an impact on of 1 variable on other variables. the primary cause researchers use the explanatory research technique is to test the proposed speculation, so it's miles hoped that this studies can explain the connection and have an effect on among the independent variables and the based variable. This studies will take a look at the have an impact on of the connection among variables.

The records in this observe had been received using an online based questionnaire. A dependent questionnaire turned into used for quantitative data to reap records on financial literacy and financial conduct. The population for this degree comprised MSMEs in Indonesia. a total of 383 respondents were selected the usage of random sampling. the choice of samples become carried out from small and have become lots along with the observation. As defined formerly, numerous variables were examined in this take a look at: virtual economic literacy, spending behavior, saving conduct, and funding behavior. on this research, virtual financial literacy refers to an person's know-how of virtual financial services and products supplied by fintech providers. in the meantime, economic behavior alludes to an person's behavior related to saving, spending, and making an investment activities.

Each variable turned into measured using several indicators utilized by previous research. in this study, to measure virtual economic literacy, 11 indicators utilized by Setiawan

et al. (2020), Prasad et al. (2018), and Morgan et al. (2019) had been applied. on this regard, those signs may be categorized into 4 important categories: expertise, stories, abilities, and attention (Setiawan et al., 2020). Then, spending behavior and saving conduct have been assessed via 8 indicators and eight signs followed from previous studies by Setiawan et al. (2020) and Watson (2003). meanwhile, funding behavior became determined via 5 indicators developed based on the preceding examine, such as Setiawan et al. (2020) and Watson (2003). further, five Likert-scale become used on this take a look at. The information were then be analyzed utilising SEM.

RESULTS AND DISCUSSION

Table 1 shows that female respondents made up 76.50% of the sample, with 293 participants. The majority, 42.82% (164 respondents), were aged 43 to 58 years. This was followed by 24.54% (94 respondents) aged 27 to 42, 4.96% (19 respondents) aged 59 to 68, and 4.18% (16 respondents) aged 11 to 26. This distribution highlights a predominance of middle-aged women, particularly those between 43 and 58 years old.

Table 1. Respondent Demographics by Gender and Age

No	Gender	Age								Total	%
		11–26	%	27–42	%	43–58	%	59–68	%		
1	Male	13	3.3 9%	47	12.2 7%	25	6.53 %	5	1.3 1%	90	23.5 0%
2	Female	16	4.1 8%	94	24.5 4%	164	42.8 9%	19	4.9 6%	293	76.5 0%
	Total	29	8%	141	37%	189	49%	24	6%	383	100%

Source: Research Findings (2025)

Table 2 provides a breakdown of respondent demographics based on educational attainment. The majority of respondents had completed Senior High School, accounting for 45.95% (176 individuals) of the total sample. A comparable proportion, 45.69% (175 individuals), held either a Diploma or Bachelor's degree. A smaller percentage of respondents had completed Junior High School (4.70%, 18 respondents) or Primary School (1.83%, 7 respondents). Additionally, 1.83% (7 respondents) had attained a Postgraduate degree. This distribution indicates that most respondents had achieved at least a high school education, with a significant portion pursuing higher education.

Table 2. Respondent Demographics by Education

No	Educational Level	Total Respondent	%
1	Primary School	7	12,9%
2	Junior High School	18	6,4%
3	Senior High School	176	17,7%
4	Diploma or Bachelor's Degree	175	21%
5	Postgraduate Degree	7	42%
	Total	383	100%

Source: Research Findings (2025)

Table 3 presents the distribution of business revenue among respondents. The majority, 59.27% (227 respondents), reported earning less than IDR 5,000,000 in revenue. Meanwhile, 29.77% (114 respondents) had revenues between IDR 5,000,001 and IDR 10,000,000. A smaller percentage of respondents, 6.53% (25 respondents), reported revenues between IDR 10,000,001 and IDR 25,000,000. Additionally, 2.61% (10 respondents) earned between IDR 25,000,001 and IDR 50,000,000, while 1.83% (7 respondents) reported revenues exceeding IDR 50,000,000. These figures indicate that the majority of businesses in the sample operated with relatively modest revenues, primarily below IDR 10,000,000.

Table 3. Respondent Demographics by revenue

No	Revenue	Total Respondent	%
1	< IDR 5,000,000	227	59.27%
2	IDR 5,000,001 – 10,000,000	114	29.77%
3	IDR 10,000,001 – 25,000,000	25	6.53%
4	IDR 25,000,001 – 50,000,000	10	2.61%
5	> IDR 50,000,000	7	1.83%
	Grand Total	383	100.00%

Source: Research Findings (2025)

To ensure the validity and reliability of the constructs and indicators, a measurement model was developed by assessing internal consistency reliability, convergent validity, and discriminant validity in accordance with the guidelines provided by Hair et al. (2022). Convergent validity was evaluated through item loadings, composite reliability for each scale, and the average variance extracted (AVE) for each construct. Hair et al. (2022) recommend that standardized loading values should exceed 0.40 and that AVE values should be greater than 0.5. As a result of these criteria, several items from the SEF variable, including Gender, Revenue, Operational Location, and Type of Industry, were excluded due to their failure to meet the minimum loading threshold. Additionally, items from other variables were removed for similar reasons, including CIB3 from the CIB variable, CPB4 and CPB7 from the CPB variable, and DFL1, DFL6, DFL7, and DFL9 from the DFL variable. These exclusions were necessary to maintain the rigor and integrity of the measurement model.

Table 4. Construct Reliability And Validity

Constructs	Item	Loading >0.7	Cronbach's Alpha >0.6	Composite Reliability >0.7	AVE >0.5
CIB	CIB1	0,876	0,838	0,892	0,676
	CIB2	0,873			
	CIB4	0,719			
	CIB5	0,811			
	CPB2	0,724			
CPB	CPB3	0,730	0,863	0,897	0,594
	CPB5	0,801			
	CPB6	0,798			
	CPB8	0,731			
	CVB1	0,742			
CVB	CVB2	0,776	0,915	0,931	0,627
	CVB3	0,775			
	CVB4	0,809			
	CVB5	0,802			
	CVB6	0,807			
	CVB7	0,852			
	CVB8	0,767			

Constructs	Item	Loading >0.7	Cronbach's Alpha >0.6	Composite Reliability >0.7	AVE >0.5
Social Economic Factor	Gender	1,000	1,000	1,000	1,000
	DFL2	0,826			
Digital Finance Literacy	DFL3	0,800			
	DFL4	0,833			
	DFL5	0,788	0,908	0,927	0,644
	DFL8	0,750			
	DFL10	0,809			
	DFL11	0,808			
	FIB1	0,889			
FIB	FIB2	0,946			
	FIB3	0,938	0,952	0,963	0,839
	FIB4	0,897			
	FIB5	0,932			
FPB	FPB1	0,862			
	FPB2	0,902	0,905	0,933	0,778
	FPB3	0,866			
	FPB4	0,896			
	FVB1	0,868			
FVB	FVB2	0,857			
	FVB3	0,912	0,913	0,936	0,745
	FVB4	0,905			
	FVB5	0,766			

Source: Research Findings (2025)

The results displayed in Table 4 demonstrate that the reliability metrics for the datasets, including item reliability and composite reliability, exceed the recommended thresholds for each criterion: loading factors exceed 0.4, Cronbach's alpha values surpass 0.6, composite reliability values exceed 0.7, and average variance extracted (AVE) values exceed 0.5.

Table 5. Fornell - Lacker Criterion

	CIB	CPB	CVB	DFL	FIB	FPB	FVB
CIB	0,822						
CPB	0,432	0,771					
CVB	0,601	0,778	0,792				
DFL	0,687	0,501	0,624	0,803			
FIB	0,692	0,520	0,648	0,628	0,916		
FPB	0,513	0,653	0,710	0,501	0,620	0,882	
FVB	0,582	0,644	0,725	0,581	0,747	0,825	0,863
SEF	-	-	-	-	-	-	-
	0,123	0,064	0,081	0,136	0,060	0,058	0,042

Sumber: Hasil Penelitian (2015)

The method of assessing discriminant validity through pairwise correlations between factors was introduced by Fornell and Larcker (1981). This approach involves comparing the correlation coefficients with the extracted variance for each construct. Discriminant validity is confirmed when the diagonal values, which represent the square root of each factor's Average Variance Extracted (AVE), are significantly higher than the off-diagonal elements in the corresponding rows and columns. As shown in Table 5, the results indicate that all constructs exhibit discriminant validity.

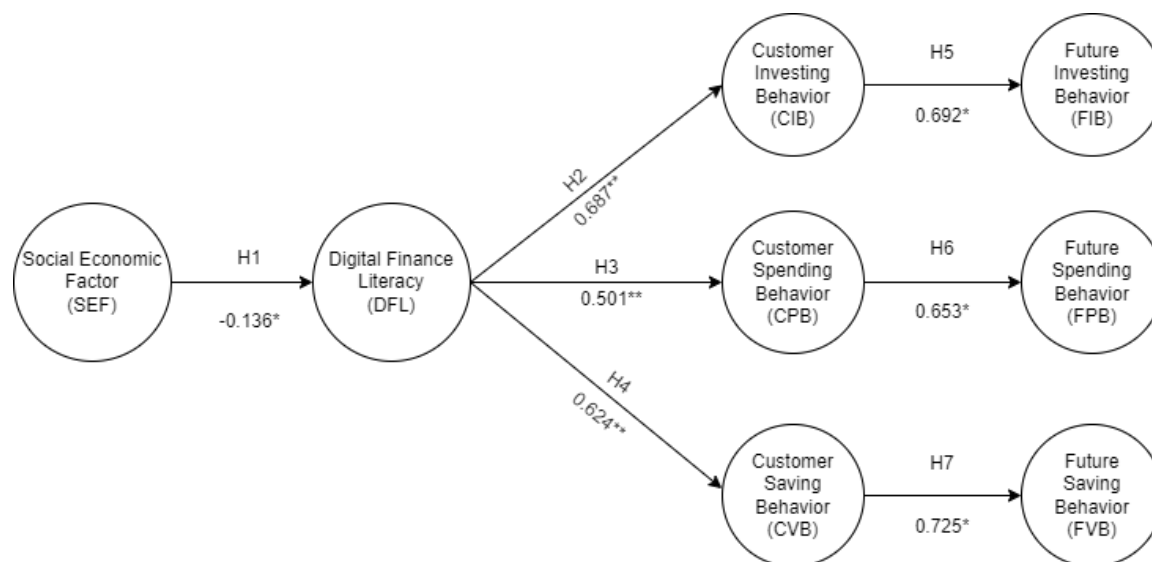


Figure 1. Structural model with path coefficient and significance;

*** $p < 0.01$; ** $p < 0.001$**

Source: Research Findings (2025)

Bootstrapping with Smart PLS, utilizing 5,000 subsamples, was employed to estimate the path coefficients for the inner model (Figure 1). The structural model evaluation results (Table 6) provided insights into the strength of the hypothesized relationships between the constructs under study. Additionally, R^2 values were calculated to assess the proportion of variance in the dependent variables that could be explained by the independent variables. This coefficient reflects the explanatory power of the independent variables on the dependent variables, with the results detailed in Table 6.

Table 6. T-Statistics of path coefficient (inner model) with R2 estimation

Hypothesis	Path	Path Coefficient	T Statistics	P Values	R ² Value	Decision	Hypothesis
H1	SEF -> DFL	0,136	2,521	0,005	0,019	Supported	H1
H2	DFL -> CIB	0,687	21,476	0,000	0,472	Supported	H2
H3	DFL -> CPB	0,501	11,869	0,000	0,251	Supported	H3
H4	DFL -> CVB	0,624	16,251	0,000	0,390	Supported	H4

H5	CIB -> FIB	0,692	22,267	0,00 0	0,4 79	Support ed	H5
H6	CPB -> FPB	0,653	16,353	0,00 0	0,4 27	Support ed	H6
H7	CVB -> FVB	0,725	23,854	0,00 0	0,5 25	Support ed	H7

Source: Research Findings (2025)

Table 6 reports the results of the partial least squares structural equation modeling (PLS-SEM) analysis for the study's hypotheses. The findings indicate that all hypotheses are supported, albeit with varying levels of explanatory power. Hypothesis 1 (H1), which proposes a positive relationship between SEF and DFL, is statistically significant (path coefficient = 0.112, T-statistic = 2.138, p-value = 0.033). However, the explanatory power is quite limited, as evidenced by an R^2 value of 0.010, suggesting that SEF accounts for only 1% of the variance in DFL.

In contrast, Hypothesis 2 (H2) reveals a strong positive relationship between DFL and CIB, with a path coefficient of 0.688, a T-statistic of 22.261, and a p-value of 0.000. The R^2 value of 0.471 indicates that DFL explains 47.1% of the variance in CIB. Similarly, Hypothesis 3 (H3) demonstrates a significant effect of DFL on CPB, as evidenced by a path coefficient of 0.514, a T-statistic of 12.388, and a p-value of 0.000, supported by an R^2 value of 0.262, meaning that DFL accounts for 26.2% of the variance in CPB.

Hypothesis 4 (H4) also supports a significant positive impact of DFL on CVB, with a path coefficient of 0.632, a T-statistic of 19.684, and a p-value of 0.000. The R^2 value of 0.398 demonstrates that DFL explains 39.8% of the variance in CVB. In summary, while SEF exhibits minimal explanatory power over DFL, DFL plays a notable role in explaining the variance in CIB, CPB, and CVB.

CONCLUSION

Based on the empirical analysis and hypothesis testing, this study draws several vital conclusions regarding the relationship between digital financial literacy and the financial behavior of Small and Medium Enterprises (SMEs):

The Pivotal Role of Digital Financial Literacy (DFL): The findings substantiate that digital financial literacy exerts a robust and highly significant positive influence on the financial behavior of SME practitioners. A comprehensive understanding of digital financial services directly enhances the quality of their decision-making regarding saving, spending, and investing activities.

The Marginal Explanatory Power of Socio-Economic Factors (SEF): Although socio-economic factors (such as age, education, and revenue) demonstrate a statistically significant positive impact on DFL, the explanatory power (R^2) of this construct is remarkably negligible (approximately 1% to 1.9%). This indicates that the necessity for digital financial literacy transcends demographic and economic boundaries, suggesting that targeted education is required across all socio-economic strata of SMEs.

Distinctive Demographic Vulnerability: The demographic profile of the respondents reveals a predominance of middle-aged women (43–58 years old) operating at a micro-revenue level (below IDR 5,000,000). This specific demographic represents the grassroots foundation

of the Indonesian economy, highlighting a critical segment that urgently requires financial literacy interventions to prevent digital adoption from inadvertently triggering consumptive behavior (overspending) or financial mismanagement.

Validation of the Theory of Planned Behavior (TPB): This study extends the application of the Theory of Planned Behavior within the realm of digital finance. The structural model confirms that financial knowledge (literacy) acts as a fundamental antecedent that effectively shapes financial intentions, which subsequently translate into actual financial management behaviors in daily business operations.

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