

THE EFFECT OF FINANCIAL LITERACY, FINANCIAL INCLUSION, CAPITAL ACCESS AND DIGITAL PAYMENT ON THE FINANCIAL PERFORMANCE OF CONVECTION UMKM REGISTERED WITH THE COOPERATIVE, UMKM AND TRADE SERVICE OF TEGAL REGENCY

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Abstract—The data used in this study are secondary data obtained from the Tegal Regency Cooperatives, SMEs, and Trade Office. This research employs a quantitative approach, with sampling conducted using the proportional sampling method, resulting in a total of 153 respondents. Based on the results of the analysis, it can be concluded that financial literacy does not significantly influence the financial performance of convection MSMEs in Tegal Regency. However, financial inclusion, access to capital, and digital payments were found to have a significant positive effect on the financial performance of these MSMEs.

Keywords— *Financial Literacy; Financial Inclusion; Access to Capital, Digital Payment; Financial Performance; MSMEs; Convection; Tegal Regency*

I. INTRODUCTION

The economy plays a crucial role in supporting the survival of the Indonesian people. Currently, the Indonesian economy is supported by the MSME sector which is the main pillar in the country's economic growth. The financial performance of MSMEs can basically be used as a reflection of the overall business conditions. Increasing the

performance of MSMEs often has a complex impact on the decline in the performance of other MSMEs.

TABLE I. NUMBER OF MSMEs

Year	Number of MSMEs
2018	62.500
2019	62.500
2020	72.000
2021	91.535
2022	117.000

Source: Primary Data from the Head of the Tegal Regency UMKM Service

Every year, MSMEs in Tegal Regency experience an increase, but the increase in the number of MSMEs cannot achieve the expected performance. The government hopes that the increasing number of MSMEs can create more jobs,

encourage local economic growth and also strengthen national economic resilience.

One of the MSME sectors that has shown significant growth in Tegal Regency is the convection business. This sector has become one of the key drivers of the local economy, with a total of 325 active business units. However, in recent years, convection MSMEs have faced challenges in maintaining consistent financial performance, particularly in terms of income fluctuations.

Another factor influencing MSME performance is the adoption of digital payment systems. These systems facilitate transactions through electronic platforms such as SMS banking, internet banking, mobile banking, and digital wallets. Through smartphone-based applications, business owners can process payments more efficiently [1].

The utilization of digital payment technology enables entrepreneurs to monitor transactions in real-time, improve the accuracy of financial records, and directly transfer sales proceeds to bank accounts. This not only minimizes the risk of financial loss but also helps prevent acceptance of counterfeit money [2].

II. METHOD

The research was conducted on convection MSMEs (UMKM) located in Tegal Regency. This location was selected because several issues were identified related to the development and performance of convection-based MSMEs in the region. The population in this study consisted of convection MSMEs registered with the Tegal Regency Cooperatives, SMEs, and Trade Office, totaling 325 business units.

This study employed a quantitative approach, and the sampling technique used was purposive sampling, which involves selecting samples based on specific criteria [3]. The final sample consisted of 76 MSMEs, with 152 respondents in total. Each business unit was represented by two respondents: the business owner and a financial staff member.

III. RESULTS AND DISCUSSION

TABLE II. DESCRIPTIVE STATISTICS

	N	Minimum	Maximum	Mean	Std. Deviation
Financial literacy	152	16	35	26,90	3,343
Financial Inclusion	152	20	43	34,23	3,921
Access to Capital	152	23	43	32,97	4,103
Digital Payment	152	30	56	42,91	4,776
Financial Performance of MSMEs	152	26	41	32,47	3,424

- The financial literacy variable has a minimum value of 16 and a maximum of 35 with an average of 26.90 and a standard deviation of 3.343.

- The financial inclusion variable has a minimum value of 20 and a maximum of 43 with an average of 34.23 and a standard deviation of 3.921.
- The capital access variable has a minimum value of 23 and a maximum of 43 with an average of 32.97 and a standard deviation of 4.103.
- The digital payment variable has a minimum value of 30 and a maximum of 56 with an average of 42.91 and a standard deviation of 4.776.

TABLE III. PARTIAL TEST RESULTS (T TEST)

Model	Coefficients ^a		Standardized Coefficients	T	Sig.
	Unstandardized Coefficients	Std. Error			
(Constant)	7.367	2.085		3.533	.001
Financial literacy	.109	.088	.106	1.241	.216
Financial inclusion	.305	.077	.349	3.964	.000
Access to capital	.248	.071	.297	3.477	.001
Digital payment	.107	.045	.149	2.354	.020

a. Dependent Variable: Financial performance

- The financial literacy variable has a t-count value of $1.241 < t\text{-table } 1.655$ and a significance of $0.216 > 0.05$.
- The financial inclusion variable has a t-count value of $3.964 > t\text{-table } 1.655$ and a significance of $0.000 < 0.05$.
- The capital access variable has a t-count value of $3.477 > t\text{-table } 1.655$ and a significance of $0.001 < 0.05$.
- The digital payment variable has a t-count value of $2.354 > t\text{-table } 1.655$ and a significance of $0.020 < 0.05$.

- The Effect of Financial Literacy on the Financial Performance of Convection MSMEs in Tegal Regency

The results of the t-test indicate a significance value of 0.216, which is greater than 0.05, and a t-value of 1.241, which is less than the t-table value of 1.655. This suggests that financial literacy does not have a significant positive influence on the financial performance of convection MSMEs in Tegal Regency. Therefore, the first hypothesis is rejected.

- The Effect of Financial Inclusion on the Financial Performance of Convection MSMEs in Tegal Regency

The t-test shows a significance value of 0.000, which is below the threshold of 0.05, and a t-value of 3.964, which

exceeds the t-table value of 1.655. These results indicate that financial inclusion has a significant positive effect on the financial performance of convection MSMEs in Tegal Regency. Thus, the hypothesis is accepted, meaning that improvements in financial inclusion contribute positively to MSME performance.

3. The Effect of Access to Capital on the Financial Performance of Convection MSMEs in Tegal Regency

Based on the statistical test, the significance value is 0.001 (less than 0.05), and the t-value is 3.477, which is greater than the t-table value of 1.655. This confirms that access to capital positively influences the financial performance of convection MSMEs in Tegal Regency. Accordingly, the hypothesis is accepted.

4. The Effect of Digital Payment on the Financial Performance of Convection MSMEs in Tegal Regency

The analysis shows a significance value of 0.020, which is lower than 0.05, and a t-value of 2.354, exceeding the t-table value of 1.655. This means that the use of digital payment systems has a significant positive impact on the financial performance of convection MSMEs in Tegal Regency. Therefore, the hypothesis is accepted.

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IV. CONCLUSIONS

Based on the results of data analysis and hypothesis testing, the following conclusions can be drawn:

- a. Financial literacy does not have a significant effect on the financial performance of convection MSMEs registered with the Cooperatives, SMEs, and Trade Office of Tegal Regency.
- b. Financial inclusion shows a significant positive impact on the financial performance of convection MSMEs in Tegal Regency.
- c. Access to capital contributes positively to improving the financial performance of convection MSMEs in the region.
- d. Digital payment adoption also has a significant positive effect on the financial performance of convection MSMEs registered with the local government office.

These findings highlight the importance of strengthening financial inclusion, improving access to capital, and encouraging the adoption of digital payment systems to support the sustainability and growth of MSMEs in the convection sector. Although financial literacy was not found to have a direct effect, it may still play an indirect role in enhancing other financial behaviors.

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