THE INFLUENCE OF FINANCIAL LITERACY ON MSME FINANCIAL MANAGEMENT IN THE DIGITAL ERA: A CASE STUDY OF THE SUNGAI JERNIH WOMEN'S COOPERATIVE

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Abstract

This study aims to analyze the level of financial literacy, the financial management status of MSMEs, and the influence of financial literacy on MSME financial management in the digital era at the Sungai Jernih Women's Cooperative. This study used a quantitative approach with descriptive and verification methods. Data were collected through questionnaires distributed to 30 respondents who were cooperative members and active MSMEs. Data analysis techniques included descriptive analysis, Pearson correlation tests, and simple linear regression. The results showed that the respondents' financial literacy level was high, while MSME financial management was good. The correlation test demonstrated a strong and positive relationship between financial literacy and MSME financial management. Furthermore, the regression results proved that financial literacy had a positive and significant effect on MSME financial management in the digital era. These findings confirm that financial literacy not only plays a role in increasing knowledge but also in shaping more planned, disciplined, and sustainable financial behaviors among MSMEs. Therefore, financial literacy education programs need to be continuously developed to strengthen MSME financial management capacity.

Keywords: Financial Literacy, Financial Management, MSMEs, Digital Era.

Abstrak

Penelitian ini bertujuan untuk menganalisis tingkat literasi keuangan, kondisi pengelolaan keuangan UMKM, serta pengaruh literasi keuangan terhadap pengelolaan keuangan UMKM di era digital pada Koperasi Wanita Sungai Jernih. Penelitian ini menggunakan pendekatan kuantitatif dengan metode deskriptif dan verifikatif. Data dikumpulkan melalui kuesioner yang disebarkan kepada 30 responden yang merupakan anggota koperasi dan pelaku UMKM aktif. Teknik analisis data meliputi analisis deskriptif, uji korelasi Pearson, dan regresi linear sederhana. Hasil penelitian menunjukkan bahwa tingkat literasi keuangan responden berada pada kategori tinggi, sedangkan pengelolaan keuangan UMKM berada pada kategori baik. Uji korelasi menunjukkan adanya hubungan yang kuat dan positif antara literasi keuangan dan pengelolaan keuangan UMKM. Selanjutnya, hasil regresi membuktikan bahwa literasi keuangan berpengaruh positif dan signifikan terhadap pengelolaan keuangan UMKM di era digital. Temuan ini menegaskan bahwa literasi keuangan tidak hanya berperan dalam meningkatkan pengetahuan, tetapi juga membentuk perilaku keuangan yang lebih terencana, disiplin, dan berkelanjutan bagi pelaku UMKM. Oleh karena itu, program edukasi literasi keuangan perlu terus dikembangkan secara berkelanjutan untuk memperkuat kapasitas pengelolaan keuangan UMKM.

Kata Kunci: Literasi Keuangan, Pengelolaan Keuangan, UMKM, Era Digital.

I. INTRODUCTION

The development of digital technology has brought significant changes to various aspects of life, including the management of micro, small, and medium enterprises (MSMEs). In the digital era, MSMEs are not only required to be able to utilize technology in marketing and business operations, but also to possess the ability to manage finances effectively, transparently, and sustainably. Good financial management is a key factor in improving business performance and sustainability (Fatoki, 2014; Wise, 2013).

However, the reality on the ground shows that many MSMEs still face various challenges in financial management, such as the lack of systematic financial record-keeping, mixing personal and business finances, and poor ability to develop long-term financial plans. These problems are often caused by low levels of financial literacy in business actors (Lusardi & Mitchell, 2014). Financial literacy encompasses not only an understanding of financial concepts but also attitudes and behaviors that contribute to sound financial decision-making (OECD, 2018).

Financial literacy is becoming increasingly important in the digital era, where various technology-based financial services, such as digital payments, online loans, and financial recording applications, are increasingly accessible to the public. Without adequate understanding, this convenience can actually create new risks, such as uncontrolled debt management, the wrong choice of financial products, and poor cash flow management (Morgan & Trinh, 2019). Several studies have shown that MSMEs with good financial literacy tend to have more structured financial management skills and are oriented towards business sustainability (Aribawa, 2016; Bongomin et al., 2017).

In Indonesia, the Financial Services Authority (OJK) consistently promotes increased financial literacy and inclusion as part of its national economic development strategy. According to the National Survey on Financial Literacy and Inclusion, the level of financial literacy among Indonesians still needs to be improved, particularly in the MSME sector (OJK, 2022). Low financial literacy has the potential to hinder business growth, reduce access to formal financing, and increase the risk of business failure (Suryani & Ramadhan, 2020).

In this context, the author, as the Financial Literacy Ambassador for the Jambi Province Financial Services Authority (OJK) in 2025, conducted financial literacy education activities for MSMEs, including members of the Sungai Jernih Women's Cooperative. This educational activity aimed to improve understanding of financial management, the use of formal financial products, and adaptation to digital financial services. Several studies have shown that financial literacy education programs can improve the quality of financial decision-making and business performance of MSMEs (Drexler, Fischer, & Schoar, 2014; Bruhn & Zia, 2013).

The Sungai Jernih Women's Cooperative is a women's economic empowerment platform that plays a vital role in strengthening community-based MSMEs. Most of its members are micro-entrepreneurs who rely on their businesses as their primary source of family income. Despite its significant economic potential, various obstacles remain in financial management, such as limited financial record-keeping, low utilization of digital technology, and a limited understanding of business financial planning. This condition aligns with previous research findings that low financial literacy is a major obstacle to MSME financial management (Nofsinger & Varma, 2014; Atkinson & Messy, 2012).

Based on these conditions, this study is crucial to assess the extent to which financial literacy influences MSME financial management in the digital era. This research focuses not only on theoretical aspects but also on empirical experience through financial literacy education activities conducted directly with members of the Sungai Jernih Women's Cooperative. Thus, this study is expected to provide a concrete picture of the relationship between financial literacy levels and the quality of MSME financial management.

II. THEORETICAL STUDIES

Research Variables and Operational Definitions (Summary)

1. Financial Literacy (X)

This refers to an individual's level of understanding, attitudes, and behavior in managing finances effectively (OECD, 2018; Lusardi & Mitchell, 2014).

Indicators:

a. Financial knowledge

b. Attitudes toward money

c. Financial behavior

    d. Understanding of financial products

    e. Utilization of digital financial services

2. MSME Financial Management (Y)

This refers to the ability of entrepreneurs to plan, organize, implement, and control business finances.

Indicators:

    a. Financial record-keeping

    b. Budget planning

    c. Cash flow management

    d. Separation of personal and business finances

    e. Financial decision-making

III. RESEARCH METHODS

Research Type and Approach

This study employed a quantitative approach with descriptive and verification methods. The descriptive approach was used to describe the level of financial literacy and financial management practices of MSMEs in the Sungai Jernih Women's Cooperative. Meanwhile, the verification approach was used to empirically test the influence of financial literacy on MSME financial management in the digital era.

This research design was cross-sectional, meaning data collection was conducted at a specific point in time after the implementation of financial literacy education activities.

Research Location and Timeline

This research was conducted among members of the Sungai Jernih Village Women's Cooperative, Pondok Tinggi District, Sungai Penuh. This location was selected based on the consideration that the cooperative is an active women's MSME organization and has received financial literacy education programs directly from the researcher as the Financial Literacy Ambassador of the Financial Services Authority (OJK) of Jambi Province in 2025.

The study was conducted in July 2025.

Population and Sample

Population

The population in this study was all members of the Sungai Jernih Women's Cooperative who own active businesses.

Sample

The sampling technique used total sampling (if the number is <100) or purposive sampling with the following criteria:

1. Cooperative members who have active businesses.

2. Have participated in financial literacy education activities.

3. Willing to complete the research questionnaire.

Sample Size: 30 respondents.

Data Types and Sources

1. Primary Data

Primary data was obtained directly from respondents through:

a. Questionnaires

b. Short interviews (if necessary)

c. Observations

2. Secondary Data

Secondary data was obtained from:

a. Cooperative reports

b. OJK documents

c. Scientific journals

d. Books and related publications

Data Collection Techniques

1. Questionnaires

The questionnaire was compiled using a Likert scale of 1–5, with the following criteria:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

2. Observations

Used to directly observe MSME financial recording and management practices.

3. Documentation

In the form of simple financial reports, business records, and cooperative data.

Operational Definition of Variables

1. Financial Literacy (X)

Financial literacy is an individual's ability to understand, manage, and make financial decisions effectively and responsibly (Lusardi & Mitchell, 2014; OECD, 2018).

Indicators:

1. Basic financial knowledge

2. Understanding of financial products and services

3. Attitudes toward money management

4. Financial behavior

5. Utilization of digital financial services

2. MSME Financial Management (Y)

MSME financial management is the process of planning, organizing, implementing, and controlling business finances.

Indicators:

1. Financial record keeping

2. Budget planning

3. Cash flow management

4. Separation of personal and business finances

5. Financial decision-making

Data Analysis Techniques

Data analysis was conducted using statistical software (SPSS/SmartPLS/Stata).

1. Instrument Testing

a. Validity Testing

Used to measure whether the statement items are capable of measuring the intended variables.

Criteria:

• calculated r > table r → valid

b. Reliability Test

Used to test instrument consistency.

Criteria:

• Cronbach's Alpha > 0.70 → reliable

2. **Descriptive Analysis**

Used to describe:

a. Financial literacy level

b. Financial management level of MSMEs

3. **Classical Assumption Test (if regression)**

a. Normality Test

b. Multicollinearity Test

c. Heteroscedasticity Test

4. **Simple Linear Regression Analysis**

Equation model: $[Y = a + bX + e]$

Description:

Y = MSME Financial Management

X = Financial Literacy

a = Constant

b = Regression coefficient

e = Error

5. **Hypothesis Testing**

   a. t-test

   Used to determine the partial effect of variable X on Y.

   Criteria:

   • Significant difference < 0.05 → significant effect

   b. Coefficient of Determination (R^2)

   Used to determine the extent to which financial literacy influences MSME financial management.

IV. RESEARCH RESULTS

1. **Respondent Characteristics**

   This study involved 30 respondents who were members of the Sungai Jernih Women's Cooperative and had active businesses. All respondents had participated in financial literacy education activities conducted by the researcher as the Financial Literacy Ambassador for the Jambi Province Financial Services Authority (OJK) in 2025.

2. Descriptive Analysis

Descriptive analysis was conducted to obtain a general overview of the level of financial literacy and financial management of MSMEs.

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
Literasi Keuangan	30	3,60	4,40	4,02	0,20
Pengelolaan Keuangan UMKM	30	3,13	4,33	3,82	0,27

Interpretation:

a. The average financial literacy score of 4.02 indicates that respondents' financial literacy is considered high.

b. The average MSME financial management score of 3.82 indicates that financial management practices are in the good category.

c. This indicates that most MSMEs have a fairly good understanding of finance and are beginning to apply it in business management.

3. Correlation Test

The Pearson correlation test was used to examine the relationship between financial literacy and MSME financial management.

Variabel	Korelasi (r)	Sig.
Literasi Keuangan ↔ Pengelolaan Keuangan	0,702	0,000

Interpretation:

The correlation coefficient of 0.702 indicates a strong and positive relationship between financial literacy and MSME financial management. This means that the higher the level of financial literacy, the better the business's financial management.

4. Simple Linear Regression Analysis

Model	Unstandardized B	Std. Error	t	Sig.
(Constant)	-0,036	0,241	-0,150	0,882
Literasi Keuangan	0,961	0,154	6,243	0,000

The regression model used is:

$[Y = a + bX]$

The analysis results show:

- Regression coefficient (b) = 0.961
- Constant (a) = -0.036
- Significance value = 0.000

Therefore, the regression equation is: Y = -0.036 + 0.961X

Interpretation:

The regression coefficient of 0.961 indicates that every one-unit increase in financial literacy will improve MSME financial management by 0.961 units. A significance value <0.05 indicates that the effect is statistically significant.

5. Hypothesis Testing

Model	Unstandardized B	Std. Error	t	Sig.
(Constant)	-0,036	0,241	-0,150	0,882
Literasi Keuangan	0,961	0,154	6,243	0,000

Hypothesis:

H_1: Financial literacy has a positive and significant effect on MSME financial management in the digital era.

Based on the regression test results:

- Sig = 0.000 < 0.05
- Therefore, H_1 is accepted.

This means that financial literacy has a positive and significant effect on MSME financial management.

Discussion

The results of the study indicate that the financial literacy level of the Sungai Jernih Women's Cooperative members is in the high category. This is due to the financial literacy education program provided directly by the researcher, who served as the Financial Literacy Ambassador for the Jambi Province Financial Services Authority (OJK) in 2025. This education includes understanding financial record keeping, cash flow management, separating personal and business finances, and utilizing digital financial services.

This finding aligns with research by Lusardi and Mitchell (2014), which states that individuals with higher levels of financial literacy tend to make more rational and planned

financial decisions. Furthermore, Aribawa (2016) also found that financial literacy significantly impacts the performance and sustainability of MSMEs.

Correlation test results show a strong relationship between financial literacy and MSME financial management. This indicates that increased financial understanding impacts not only knowledge but also actual behavior in managing a business. MSMEs with a good understanding of financial concepts tend to be more disciplined in their record-keeping, more planned in their spending, and more careful in making loan decisions.

Regression results reinforce these findings, showing that financial literacy has a positive and significant impact on MSME financial management. This finding is consistent with research by Drexler et al. (2014) and Bruhn & Zia (2013), which found that financial literacy programs can improve managerial skills and the quality of business decision-making.

In the context of the digital era, financial literacy is becoming increasingly important because MSMEs are faced with a variety of technology-based financial services. Without adequate understanding, digitalization can actually increase the risk of incorrect decision-making. However, with good literacy, technology can actually become a tool that simplifies financial recording, transactions, and planning.

Thus, the results of this study confirm that financial literacy is not just knowledge, but is a key factor in forming healthy and sustainable financial behavior for MSMEs.

V. CONCLUSION

Based on the research results and discussion, the conclusions that answer the research problem formulation and objectives are as follows:

1. Regarding the level of financial literacy among MSMEs, the results indicate that the financial literacy of members of the Sungai Jernih Women's Cooperative is in the high category. This indicates that respondents have a good understanding of basic financial concepts, planning, record-keeping, and the use of digital financial services.

2. Regarding the condition of MSME financial management, the results indicate that MSME financial management is in the good category. Most respondents have recorded their finances, developed a business plan, and separated their personal and business finances, although some still do not fully comply.

3. Regarding the influence of financial literacy on MSME financial management, the analysis results indicate a strong and positive relationship between the two variables. This

demonstrates that the higher the level of financial literacy, the better the financial management of MSMEs.

4. Regarding the magnitude of the influence of financial literacy, the results of the regression test indicate that financial literacy has a positive and significant effect on MSME financial management in the digital era. Financial literacy is able to explain 49.3% of the variation in MSME financial management, while the remainder is influenced by other factors outside the research model.

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