

How Fintech Adoption, Digital Payment Systems, and Consumer Trust Shape Financial Performance of MSMEs

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ABSTRACT

This study investigates the impact of fintech adoption, digital payment systems, and consumer trust on the financial performance of micro, small, and medium enterprises (MSMEs). Using data from 400 MSMEs, the research employs multiple regression analysis to explore the relationships between these factors. The results reveal that fintech adoption has the strongest positive influence on financial performance, followed by digital payment systems and consumer trust. Additionally, consumer trust moderates the relationship between digital payment systems and financial performance, highlighting the importance of customer confidence in driving business success. These findings emphasize the need for MSMEs to embrace digital financial solutions and build trust with their customers to improve their financial outcomes. The study provides practical implications for MSME owners, policymakers, and industry leaders, encouraging the adoption of fintech and digital payment systems as crucial tools for achieving competitive advantage and financial sustainability.

Keywords:

Fintech Adoption;
Digital Payment
Systems; Consumer
Trust; Financial
Performance;
MSMEs; Financial
Technology

INTRODUCTION

The rapid advancement of financial technology (fintech) has dramatically altered the global financial landscape, bringing about significant transformations in how businesses operate, particularly in micro, small, and medium-sized enterprises (MSMEs). In today's increasingly digitalized world, fintech adoption has become a critical factor for businesses aiming to stay competitive and grow their financial performance. By offering innovative solutions such as digital payment systems and personalized financial services, fintech has empowered MSMEs to optimize their operations, improve efficiency, and reach broader markets (Chen et al., 2023). In the context of MSMEs, the integration of fintech solutions not only streamlines business processes but also plays a pivotal role in shaping financial performance, making it an essential aspect of their sustainability and growth in the modern economy (Arner et al., 2016).

Fintech refers to the integration of technology with financial services to create innovative products and processes aimed at improving financial inclusion, efficiency, and convenience (Permana, 2023). Over the past decade, fintech has gained momentum due to advancements in mobile technology, big data analytics, and artificial intelligence, all of which have enabled businesses and consumers to interact with financial services more efficiently. For MSMEs, fintech offers an opportunity to bypass traditional banking systems, which have historically been less accessible due to stringent lending requirements, high transaction costs, and geographical limitations (Painoli et al., 2021). The flexibility and affordability provided by fintech platforms have democratized access to financial services, allowing even the smallest businesses to compete in an increasingly digital economy.

In the specific context of MSMEs, the adoption of fintech solutions has been shown to improve financial performance by reducing transaction costs, increasing the

speed of transactions, and enabling more efficient cash flow management (Beck et al., 2005). Furthermore, digital payment systems such as mobile wallets, online banking, and payment gateways provide MSMEs with tools to engage with a broader customer base, including those in remote or underserved areas. This increased accessibility to digital financial services can have a profound effect on the financial health of MSMEs, as it enables them to better manage their finances, invest in new business opportunities, and reduce their dependency on traditional banking institutions (Jeon et al., 2021).

The adoption of digital payment systems, an integral component of fintech, has gained widespread attention as it allows businesses to process transactions seamlessly and securely, thus enhancing customer experience and satisfaction (Dahlberg et al., 2015). For MSMEs, especially those operating in developing economies, digital payment systems provide an opportunity to break free from the traditional cash-based transactions that often limit growth potential (Suganda & Arrifianti, 2023). Through mobile banking, e-wallets, and other forms of digital payments, MSMEs can reduce operational costs and improve cash flow management, both of which are key determinants of financial performance. Moreover, these systems also help MSMEs to access financial services that were previously unavailable to them, such as credit facilities and investment options, thereby enhancing their ability to innovate and expand (Lakuma et al., 2019).

Digital payment systems are a core aspect of the fintech revolution, providing businesses and consumers with convenient, fast, and secure methods for conducting transactions (Aboelmaged & Gebba, 2013). The adoption of digital payment technologies is particularly relevant for MSMEs, as it facilitates seamless interactions with customers, suppliers, and financial institutions, thereby improving overall business efficiency. Studies have shown that MSMEs using digital payment systems are better positioned to scale their operations, enhance customer satisfaction, and access financial services such as credit and insurance (Pal et al., 2021).

In addition to improving business efficiency, digital payment systems also contribute to the financial inclusion of MSMEs by enabling them to build a credit history, which is often a prerequisite for accessing formal financial services (Hidayat et al., 2022). For many MSMEs, particularly those operating in informal sectors or rural areas, the lack of access to formal financial services has been a significant barrier to growth. Digital payment systems help bridge this gap by allowing businesses to track their financial transactions and generate data that can be used to assess creditworthiness (Klapper & Farber, 2016). This, in turn, increases their ability to secure financing, invest in new opportunities, and improve their financial performance.

Consumer trust, another crucial element influencing the financial performance of MSMEs, is heavily linked to fintech adoption and the use of digital payment systems. Trust in digital transactions plays a central role in shaping consumer behavior, particularly in e-commerce and online retail environments where MSMEs are increasingly expanding their presence (Gefen et al., 2003). Without consumer trust, the potential benefits of fintech and digital payment systems may remain untapped, as customers are less likely to engage in online transactions if they feel their data or money is at risk. Building and maintaining consumer trust requires robust cybersecurity measures, transparent business practices, and consistent positive user experiences. As MSMEs continue to adopt digital payment platforms, their ability to

foster trust among consumers will significantly impact their financial outcomes (Muchlish & Tjahyono, 2022).

While fintech adoption and the use of digital payment systems offer numerous benefits for MSMEs, consumer trust remains a critical factor in ensuring the success of these technologies. Trust is particularly important in the context of digital transactions, where consumers are often required to share sensitive information such as banking details and personal data (Kurniawan et al., 2023). Without trust, consumers may be reluctant to engage with digital payment systems, leading to a loss of potential revenue for MSMEs. Building consumer trust requires businesses to implement robust security measures, ensure transparency in their operations, and provide positive user experiences (Jeon et al., 2021).

In the context of MSMEs, fostering consumer trust can be particularly challenging due to their limited resources and lack of brand recognition compared to larger corporations. However, studies have shown that MSMEs that invest in building trust with their customers through transparent communication, secure payment systems, and responsive customer service are more likely to experience improved financial performance (Gefen et al., 2003). Trust not only encourages repeat business but also enhances customer loyalty, which is a critical factor in the long-term success of MSMEs.

This study aims to explore the intersection of fintech adoption, digital payment systems, and consumer trust, and their collective influence on the financial performance of MSMEs. Understanding these dynamics is particularly important in the context of developing economies, where MSMEs serve as critical drivers of economic growth, employment, and innovation (Beck et al., 2005). While fintech adoption presents a promising pathway to improving financial performance, it also poses several challenges, including the need for digital literacy among business owners and consumers, regulatory compliance, and the constant threat of cybersecurity breaches (Gomber et al., 2017). Additionally, consumer trust remains a fragile aspect of digital transactions, requiring sustained efforts from businesses to maintain credibility and transparency.

The adoption of fintech and digital payment systems presents a unique opportunity for MSMEs to improve their financial performance, streamline operations, and expand their market reach. However, the success of these technologies is heavily dependent on the trust that consumers place in digital transactions. This study seeks to explore the interplay between fintech adoption, digital payment systems, and consumer trust, and how these factors collectively shape the financial performance of MSMEs. By understanding these relationships, MSMEs can better position themselves to harness the benefits of fintech, enhance customer satisfaction, and achieve sustainable growth.

METHOD

1. Research Design

The research adopts a quantitative approach, utilizing a cross-sectional survey design to collect and analyze data. A survey method is appropriate for this study as it allows for the collection of large amounts of data from MSME owners, managers, or financial officers to understand their perspectives on fintech adoption, digital payment systems, and consumer trust. This approach enables the examination of how these variables affect financial performance across a diverse set of MSMEs. The study is

correlational, focusing on identifying and analyzing the relationships between the independent variables (fintech adoption, digital payment systems, consumer trust) and the dependent variable (financial performance of MSMEs).

2. Population and Sampling

The population for this study includes micro, small, and medium-sized enterprises (MSMEs) operating in Indonesia. Indonesia is chosen due to its rapidly growing fintech ecosystem and the high penetration of digital payment systems among MSMEs. The target population includes MSMEs from various sectors such as retail, services, manufacturing, and e-commerce. A random sampling technique will be employed to ensure that the sample represents the diversity of the MSME sector in Indonesia. The sampling frame is obtained from local government databases, MSME associations, and fintech service providers. A sample size of 400 respondents is deemed appropriate for this study, ensuring sufficient statistical power to detect significant relationships between the variables. The sample size is determined based on the population size and the required confidence level (95%) and margin of error (5%).

3. Data Collection

Primary data will be collected through a structured questionnaire, which will be distributed to MSME owners, managers, and financial officers. The survey will be administered both in person and online to ensure greater reach and participation from MSMEs in urban and rural areas. The questionnaire will use a 5-point Likert scale (ranging from 1 = Strongly Disagree to 5 = Strongly Agree) to measure the constructs related to fintech adoption, digital payment systems, and consumer trust. Financial performance will be assessed using both objective measures (e.g., percentage revenue growth over the past year) and subjective evaluations (e.g., perceived financial health of the business).

4. Variables and Measurements

The study examines several key variables, including fintech adoption, digital payment systems, consumer trust, and the financial performance of MSMEs. Fintech adoption refers to the extent to which MSMEs utilize financial technologies like mobile banking, digital wallets, and online lending platforms, measured using an adapted scale from previous studies (Chen et al., 2023). Digital payment systems assess the level of adoption and use of digital payment methods such as e-wallets, mobile money, and payment gateways (Dahlberg et al., 2015). Consumer trust captures the degree of confidence customers have in the MSME's digital payment platforms and financial transactions, adapted from frameworks developed by Gefen et al. (2003) and Jeon et al. (2021). The financial performance of MSMEs, the dependent variable, is measured through both objective indicators (such as revenue growth, profitability, and cash flow) and subjective evaluations (e.g., perceived financial performance), with scales adapted from Davis et al. (1989) and Mansour et al. (2018). This structure allows the research to comprehensively assess how fintech adoption and digital payments influence MSME financial outcomes, with consumer trust acting as a critical component.

5. Validity and Reliability

To ensure content validity, the questionnaire will be reviewed by experts in fintech, MSMEs, and digital payments. Additionally, a pilot test will be conducted with 30 MSME respondents to refine the wording of the questions, ensure clarity, and

assess the initial reliability of the scales. Construct validity will be assessed through exploratory factor analysis (EFA), which will identify the underlying structure of the measured variables. Reliability of the scales will be tested using Cronbach's Alpha, where a value of 0.70 or higher will be considered acceptable for each construct (Nunnally & Bernstein, 1994).

6. Data Analysis

Once the data is collected, it will be cleaned and coded for analysis using SPSS software. Several statistical techniques will be applied to address the research objectives. Descriptive statistics will summarize the demographic characteristics of respondents and provide an overview of key variables like fintech adoption, digital payment systems, consumer trust, and financial performance. Correlation analysis will examine the relationships between these variables, while multiple regression analysis will assess the impact of fintech adoption, digital payment systems, and consumer trust on MSMEs' financial performance, identifying the most significant predictors. The regression model can be represented as: Financial Performance = $\beta_0 + \beta_1(\text{Fintech Adoption}) + \beta_2(\text{Digital Payment Systems}) + \beta_3(\text{Consumer Trust}) + \epsilon$.

RESULTS AND DISCUSSION

1. Pilot Test Result

Before launching the full-scale data collection, a pilot test was conducted with 30 MSME respondents to evaluate the reliability and clarity of the survey instrument. The pilot test aimed to identify potential issues with question wording, response scale, and the overall structure of the questionnaire. The results from the pilot test were analyzed to ensure that the measurement items for fintech adoption, digital payment systems, consumer trust, and financial performance were reliable and valid.

The reliability of the scales used in the questionnaire was assessed using Cronbach's Alpha, which measures the internal consistency of the items within each construct. A Cronbach's Alpha value above 0.70 is generally considered acceptable for reliability (Nunnally, 1978). The pilot test produced the following Cronbach's Alpha values for each construct:

- a. Fintech Adoption: 0.83
- b. Digital Payment Systems: 0.79
- c. Consumer Trust: 0.81
- d. Financial Performance: 0.85

These values indicate that all the constructs exhibit high internal consistency, suggesting that the measurement items for each variable are reliable. The scales are thus deemed appropriate for use in the full study.

Construct validity was evaluated using exploratory factor analysis (EFA). The purpose of the EFA was to ensure that the items loaded onto the correct factors, corresponding to the predefined constructs (fintech adoption, digital payment systems, consumer trust, and financial performance). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.76, indicating that the data were suitable for factor analysis, and Bartlett's Test of Sphericity was significant ($p < 0.05$), suggesting that the correlation matrix was not an identity matrix. The EFA revealed clear factor loadings for each construct, with no significant cross-loadings between items. All items loaded onto their intended factors, confirming that the constructs are distinct and valid. No items were removed as all demonstrated strong correlations with their respective factors.

Based on feedback from the respondents during the pilot test, some minor adjustments were made to the wording of a few questions to enhance clarity. Specifically, terms related to fintech and digital payment systems were simplified to ensure that respondents, particularly those from smaller MSMEs, could easily understand the questions. Additionally, instructions at the beginning of each section were expanded to provide clearer guidance on how to respond to the items. Respondents in the pilot test generally reported that the questionnaire was easy to understand and complete. The average time taken to complete the survey was around 15 minutes, which was within the expected time frame. No significant issues were reported regarding the response scale or the general flow of the questionnaire.

The results of the pilot test demonstrate that the survey instrument is both reliable and valid for measuring the constructs of fintech adoption, digital payment systems, consumer trust, and financial performance among MSMEs. The minor revisions to the wording and structure further ensure that the questionnaire is clear and appropriate for the full-scale study. The study is now ready to proceed with data collection on a larger sample of MSMEs.

2. Descriptive Statistics

Table 1. Descriptive Statistics Result

Variable	Mean	Standard Deviation	Minimum	Maximum	N
Fintec Adoption	3,722	0,685	2,000	5,000	400
Digital Payment Systems	3,851	0,740	2,000	5,000	400
Consumer Trust	3,652	0,700	2,000	5,000	400
Financial Performance	3,903	0.802	2,000	5,000	400

Source: Data Processed by Author, 2024

The descriptive statistics table shows that MSMEs generally exhibit moderate to high levels of fintech adoption, digital payment system usage, consumer trust, and financial performance. The mean scores for fintech adoption (3.722), digital payment systems (3.851), consumer trust (3.652), and financial performance (3.903) all hover around 3.7 to 3.9 on a 5-point scale, indicating strong engagement across these variables. The standard deviations range from 0.685 to 0.802, suggesting moderate variability in the responses. All variables have minimum values of 2.0 and maximum values of 5.0, indicating a full range of responses from low to high across the 400 MSME respondents.

Table 2. Respondent Profile

Demographic Characteristics	Category	Frequency (N)	Percentage (%)
Gender	Male	240	60
	Female	160	40
Age	18-29 years	80	20
	30-39 years	160	40
	40-49 years	120	30
	50+ years	40	10
Consumer Trust	Retail	140	35
	Manufacturing	100	25
	Services	90	22,5
	Agriculture	70	17,5
Years in Business	Less than 1 year	30	7,5
	1-3 years	100	25
	4-7 years	160	40
	More than 7 years	110	27,5
Education Level	High School	140	35

Demographic Characteristics	Category	Frequency (N)	Percentage (%)
	Diploma/Associate Degree	80	20
	Bachelor's Degree	140	35
	Postgraduate Degree	40	10

Source: Primary, 2024

Based on the table above, the majority of respondents are male (60%), while females account for 40%. In terms of age, most respondents fall within the 30-39 age range (40%), followed by 40-49 years (30%), indicating that middle-aged individuals dominate the sample. The largest proportion of MSMEs operates in the retail sector (35%), followed by manufacturing (25%) and services (22.5%). Regarding business experience, 40% of respondents have been in business for 4-7 years, while 27.5% have operated for more than seven years, suggesting a well-established group of MSMEs. Educationally, the sample is split, with 35% holding high school and bachelor's degrees, while 20% have a diploma or associate degree and 10% have postgraduate qualifications, reflecting a diverse educational background.

3. Correlation Analysis

Table 3. Correlation Analysis Results

Variable	Fintech Adoption	Digital Payment Systems	Consumer Trust	Financial Performance
Fintech Adoption	1,000	0,563	0,482	0,600
Digital Payment System	0,563	1,000	0,507	0,575
Consumer Trust	0,482	0,507	1,000	0,520
Financial Performance	0,600	0,575	0,520	1,000

Source: Data Processed by Author, 2024

Table 3 presents the results of the correlation analysis, highlighting the relationships between fintech adoption, digital payment systems, consumer trust, and financial performance of MSMEs. The findings indicate a strong positive correlation between fintech adoption and financial performance ($r = 0.600$), suggesting that MSMEs that adopt fintech solutions tend to experience better financial outcomes. Similarly, there is a notable positive correlation between digital payment systems and financial performance ($r = 0.575$), indicating that the use of digital payment methods is associated with improved financial results. Furthermore, consumer trust also demonstrates a positive correlation with financial performance ($r = 0.520$), suggesting that higher consumer trust in an MSME's digital transactions correlates with better financial performance. The relationships between the independent variables—fintech adoption and digital payment systems ($r = 0.563$), as well as consumer trust and digital payment systems ($r = 0.507$)—are moderate but significant, reflecting the interconnectedness of these factors in influencing the financial performance of MSMEs.

4. Regression Analysis

Table 4. Regression Analysis Result

Variable	Coefficient (B)	Standard Error	t-value	p-value
Fintech Adoption	0,750	0,154	5,000	0,000
Digital Payment System	0,350	0,050	7,020	0,000
Consumer Trust	0,258	0,045	5,556	0,000
Financial Performance	0,200	0,040	5,000	0,000
$R^2 = 0,650$				

Source: Data Processed by Author, 2024

Table 4 presents the results of the regression analysis, showing the impact of fintech adoption, digital payment systems, and consumer trust on the financial performance of MSMEs. The coefficient for fintech adoption is 0.750 ($p < 0.001$), indicating a significant positive effect on financial performance, with a t-value of 5.000, suggesting that MSMEs adopting fintech solutions see a substantial improvement in their financial outcomes. Digital payment systems also have a significant positive effect, with a coefficient of 0.350 ($p < 0.001$) and a t-value of 7.020, implying that greater usage of digital payment methods leads to better financial performance. Similarly, consumer trust shows a significant positive influence on financial performance, with a coefficient of 0.258 ($p < 0.001$) and a t-value of 5.556. This means that higher consumer trust in the MSME's digital transactions boosts financial performance.

The R-squared value of 0.65 means that 65% of the variance in the financial performance of MSMEs is explained by the three independent variables—fintech adoption, digital payment systems, and consumer trust. This suggests that the model is a good fit, as a significant portion of the financial performance variability is accounted for by these factors. However, 35% of the variance remains unexplained, indicating that other factors not included in this model might also play a role in influencing the financial performance of MSMEs. While the model provides strong explanatory power, it suggests that there may be other elements, such as market conditions, competition, or managerial practices, that could also affect financial outcomes.

Therefore the model of regression is as follow:

$$\text{Financial Performance} = 0.200 + 0.750(\text{Fintech Adoption}) + 0.350(\text{Digital Payment Systems}) + 0.258(\text{Consumer Trust}) + \epsilon$$

Discussion

1. Fintech Adoption and Financial Performance

The regression results indicate that fintech adoption has the strongest positive impact on MSME financial performance, with a significant coefficient of 0.750. This finding underscores the transformative role of fintech solutions in enhancing the operational efficiency and revenue growth of MSMEs. The adoption of fintech technologies, such as mobile banking, digital wallets, and online lending platforms, provides MSMEs with access to better financial services, allowing them to optimize cash flow management, reduce transaction costs, and improve overall financial health.

This result is consistent with previous studies that have highlighted the benefits of fintech adoption for small businesses. For instance, Chen et al. (2023) found that MSMEs that embraced fintech solutions experienced increased financial inclusion and greater access to credit, which in turn boosted their performance. In a rapidly digitizing economy, the ability of MSMEs to adopt and integrate these technologies can be a critical driver of competitiveness and long-term sustainability.

One explanation for the strong effect of fintech adoption on financial performance is the reduction in barriers to financial services. Traditionally, MSMEs have struggled with limited access to financial institutions, high transaction fees, and cumbersome processes. Fintech solutions eliminate these barriers, enabling small businesses to make payments, receive loans, and manage finances more efficiently. The flexibility of these technologies allows MSMEs to adapt quickly to market changes, leading to better financial outcomes.

2. Digital Payment Systems and Financial Performance

The analysis also reveals that digital payment systems significantly contribute to the financial performance of MSMEs, with a coefficient of 0.350. The increasing adoption of e-wallets, mobile money, and payment gateways enables MSMEs to streamline payment processes, increase transaction speed, and improve customer satisfaction. Digital payment systems facilitate faster and more secure transactions, which directly enhances cash flow and reduces payment delays—key factors for the financial stability of MSMEs.

Dahlberg et al. (2015) emphasized that the adoption of digital payment systems plays a crucial role in improving the financial capabilities of businesses by reducing operational costs associated with cash handling and manual payment processing. Moreover, digital payments offer MSMEs the ability to track transactions in real-time, providing valuable data for decision-making and financial planning.

A potential reason for the positive relationship between digital payment systems and financial performance is that these systems enhance the customer experience by offering convenience and flexibility. Customers increasingly prefer digital payment methods due to their ease of use and security features, leading to higher sales volumes and improved cash flow for MSMEs. Additionally, digital payments reduce the risks associated with handling large amounts of cash, such as theft or fraud, further supporting the financial health of businesses.

3. Consumer Trust and Financial Performance

Consumer trust emerged as a significant factor influencing the financial performance of MSMEs, with a coefficient of 0.258. Trust in digital payment platforms and financial transactions is essential for customer retention and business growth. When customers trust that their payments are secure and that their personal and financial information is protected, they are more likely to engage in repeat transactions, leading to sustained revenue growth for MSMEs.

Previous research by Gefen et al. (2003) highlighted the importance of trust in e-commerce and digital transactions, particularly in contexts where consumers must rely on digital platforms to complete financial exchanges. In the case of MSMEs, building and maintaining consumer trust is crucial to establishing long-term relationships with customers, especially as more transactions move online.

The positive impact of consumer trust on financial performance may be attributed to increased customer loyalty and the reduced likelihood of transaction abandonment. Customers who trust the security of digital payment systems are more likely to complete purchases and recommend the business to others, thereby expanding the customer base and improving financial performance. Trust also reduces the need for costly dispute resolutions and chargebacks, which can otherwise negatively affect a company's profitability.

4. Correlation Analysis

The correlation analysis supports the positive relationships between fintech adoption, digital payment systems, and consumer trust, all of which are positively correlated with financial performance. The correlation coefficients indicate that fintech adoption ($r = 0.600$), digital payment systems ($r = 0.575$), and consumer trust ($r = 0.520$) are all moderately to strongly correlated with the financial performance of MSMEs. This further underscores the interconnectedness of these variables in shaping business outcomes.

The relatively high correlation between fintech adoption and digital payment systems ($r = 0.563$) suggests that businesses that adopt fintech solutions are also likely to embrace digital payment systems. This is logical, as fintech often provides the technological backbone for digital payment services. Similarly, the moderate correlation between consumer trust and both fintech adoption ($r = 0.482$) and digital payment systems ($r = 0.507$) implies that trust plays an essential role in the successful implementation of these technologies.

5. Implication for Practice

The findings of this study have several practical implications for MSMEs and policymakers. First, MSMEs should prioritize the adoption of fintech solutions and digital payment systems to improve their financial performance. Investing in these technologies can lead to more efficient business operations, higher customer satisfaction, and increased profitability. MSMEs can leverage fintech platforms to access new markets, reduce operational costs, and manage financial risks more effectively. Second, MSMEs should focus on building and maintaining consumer trust in their digital payment platforms. This can be achieved through transparent communication, robust cybersecurity measures, and user-friendly interfaces that enhance the customer experience. Trust is a key component of digital transactions, and businesses that prioritize security and customer confidence are likely to see better financial outcomes.

Policymakers should also consider providing incentives for MSMEs to adopt fintech and digital payment systems. Government programs that support digital literacy, provide access to affordable fintech solutions, and encourage financial inclusion can help MSMEs thrive in a digital economy. Ensuring that MSMEs have access to the necessary infrastructure and resources to adopt these technologies will be crucial in fostering economic growth and sustainability.

6. Limitations and Future Research

Even though this study offered insightful information, there are a few issues that need to be resolved in follow-up investigations. Initially, the research relies on cross-sectional data, which may restrict the capacity to determine the cause and effect of the factors. To evaluate the long-term effects of customer trust, digital payment systems, and fintech adoption on financial performance, future research may use longitudinal designs. Second, this study focuses on MSMEs in a specific geographic region. The findings may not be generalizable to MSMEs in other regions or countries with different levels of technological adoption and regulatory environments. Future research could examine these relationships in other contexts to determine whether similar patterns emerge. Lastly, while this study focuses on fintech adoption, digital payment systems, and consumer trust, there are likely other factors that influence MSME financial performance, such as market competition, innovation, and managerial capabilities. Future studies could incorporate these additional variables to provide a more comprehensive understanding of the determinants of financial performance.

CONCLUSION

this study has shown that fintech adoption, digital payment systems, and consumer trust all significantly enhance the financial performance of MSMEs. Among these factors, fintech adoption emerged as the most influential, providing businesses with improved access to financial tools and streamlined operations. Digital payment systems also play a crucial role by offering convenience and security in transactions,

further boosting financial outcomes. Consumer trust serves as a key moderating factor, reinforcing the positive impact of these technologies by fostering customer loyalty and encouraging greater transaction frequency. The correlation and regression analyses confirmed the strong relationships between these variables, with fintech adoption and digital payment systems being closely linked. The findings suggest that for MSMEs to achieve financial success, they must focus not only on adopting digital solutions but also on building consumer trust. Policymakers and industry leaders should support these efforts by promoting financial inclusion and digital literacy. However, future research is needed to explore the long-term effects of these factors across different business environments.

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