



The Effect of Financial Literacy, Financial Management Behavior, Digital Financial Inclusiveness and Internal Factors on the Sustainability of Micro, Small and Medium Enterprises Participating in the PT PNM Mekaar Financing Program

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ABSTRACT

This study examines influence of financial literacy, financial management, digital financial inclusiveness, and internal factors on the sustainability of MSMEs with a quantitative approach and descriptive method. Data were obtained through questionnaires distributed to PT PNM Mekaar customers with the criteria of Mekaar Plus customers and loans of 8 million and above. So that 232 customers were obtained as research samples. The data were processed with **PLS-SEM** analysis using **SmartPLS 4.0**. The results show that financial management and digital financial inclusivity have a good and large impact on MSME sustainability, while financial literacy has no discernible influence on firm sustainability. Internal factors, such as business type and age and financial record keeping, also contribute to MSME sustainability.

INTRODUCTION

MSMEs have a significant economic impact. The World Bank claims that MSMEs play a big part in the global economy. Based on (Ministry of Finance, 2024), the number of MSME players always increases every year. The Ministry of Cooperatives and MSMEs, (2024) noted that MSMEs contributed 61% to Gross Domestic Product (GDP). Not only that, MSMEs in Indonesia also absorb around 117 million workers or equivalent to 97% of the total workforce in Indonesia so as to encourage economic equality in various regions (Ministry of Finance, 2024). Although the number of MSME players continues to grow, there are obstacles in maintaining business sustainability. Based on previous research, the factors of financial literacy, financial management and the availability of capital financing services and internal factors are important elements in influencing the sustainability of MSMEs.

Financial literacy is a key factor in the sustainability of MSMEs. With adequate financial literacy, business actors can utilize their knowledge of finance in making the right decisions for the company. For managers or owners of businesses, this competence is crucial for making strategic and intricate financial choices that have an immediate effect on sustainability and the accomplishment of corporate goals. (Ayu Rumini & Martadiani, 2020). Low financial literacy can lead to errors in financial management, such as uncontrolled credit taking, which in turn can hinder business growth and stability (Ayu Rumini & Martadiani, 2020).

The viability of MSMEs also depends on sound financial management in addition to financial knowledge. Effective budgeting, efficient cash allocation, and accurate financial records are all components of financial management. Without good financial management, MSMEs are vulnerable to cash flow problems and difficult to develop in the long term (Dermawan, 2019). Therefore, the ability to manage finances well is needed so that MSMEs can survive and develop sustainably.

Approximately 3.5 billion adults worldwide lack access to financial services and are unbanked, making up over half of the world's adult population. The countries with the largest concentrations of the 1.7 billion adults without bank accounts worldwide are China, India, Pakistan, and Indonesia (Mhlanga, 2020). The importance of digital financial inclusion in promoting economic development is emphasized by Bank Indonesia. Bank Indonesia claims that increasing digital financial inclusion improves public access to official financial services, which eventually aids in the economic development of the nation (Pratama, 2022). Therefore, digital financial inclusion is crucial to guaranteeing that everyone has easy and affordable access to financial services. However, there are still many MSMEs that have not optimally utilized these digital financial services due to limited knowledge and trust in digital systems.

Digital financial inclusion has emerged as a means of addressing the availability of financial services in recent years. Financial services including

digital payments, internet loans, and app-based financial management are made more widely available. Digital finance includes developments like peer-to-peer lending platforms, e-wallets, mobile banking, and other digital payment systems. Adoption of these services can help MSMEs improve operational efficiency, expand markets, and gain access to more flexible working capital. Financial inclusion is also important in ensuring financial services are accessible to all without barriers (Lumenta & Worang, 2019). This important role of financial inclusion can encourage the sustainability of MSMEs because financial inclusion is an effort by financial institutions to remove price and non-price constraints in order to facilitate community access to financial institution services (Nantungga, 2023). While there are several studies that address digital financial inclusion, there aren't many that specifically address this topic. Thus, this research will look more closely at how MSMEs might benefit from access to and use of digital financial services in order to sustain their operations.

In addition to these external factors, internal factors also affect the sustainability of MSMEs. Internal factors include the type of business, length of business, age of the business, and financial records kept. The type of business influences the business strategy and challenges faced, while the length of business reflects the level of stability and experience in running a business. Maintaining sound financial records also helps with strategic decision-making and the tracking of the company's financial health. These internal factors have a major contribution in determining whether an MSME can survive and thrive in the midst of increasingly fierce business competition.

Numerous studies have shown that internal variables, digital financial inclusion, financial management, and financial literacy all significantly impact MSMEs' capacity to survive. However, many businesses still do not realize the importance of these aspects. There is a research gap in understanding how digital financial inclusion affects MSME sustainability. Most previous studies have addressed financial inclusion in a traditional manner without considering the evolving aspects of digital technology. This is despite the fact that major transformations in the financial sector offer great potential to make services more widely accessible to all. Thus, the purpose of this research is to investigate how the use of digital financial inclusivity might support MSMEs' sustainability as well as how internal variables, financial management, and financial literacy affect the long-term viability of enterprises.

Using the Theory of Reasoned Goal Pursuit (TRGP), this study aims to find out how MSMEs set their business goals, determine appropriate strategies, and overcome various challenges in maintaining business sustainability. Thus, this study not only examines the influence of external factors such as financial literacy and digital financial inclusiveness, but also

how internal factors and financial management contribute to maintaining the stability and growth of MSMEs in the long run.

THEORETICAL REVIEW

Theory of Reasoned Goal Pursuit (TRGP)

The Theory of Planned Behavior (TPB) predicts behavior based on intentions that are influenced by attitudes, subjective norms, and perceived control over behavior (Ajzen, 1991). However, TPB often ignores the role of goals in driving action. To bridge this gap, TPB was linked with GST (Goal Systems Theory) through integration and gave birth to a new framework called *Theory of Reasoned Action in the Service of Goal Pursuit (TRGP)*. Where in this theory places goals as the main factor in the formation of behavioral intentions. In this theory, behavior is understood as a means to achieve active goals. This method increases the predictive capacity of TPB, for a more dynamic examination of behavior, and provides fresh approaches to creating treatments that are more successful in altering human behavior by tailoring them to specific objectives and social settings (Ajzen & Kruglanski, 2019).

The *Theory of Reasoned Action in the Service of Goal Pursuit (TRGP)* is used in this study to analyze and explain how financial literacy, financial management behavior, digital financial inclusiveness and internal factors affect the sustainability of MSMEs. In this TRGP context, business sustainability is seen as the main active goal, while financial literacy, financial management and digital financial inclusiveness are the means that support the achievement of this goal. This theory helps understand the motivations of MSME actors in prioritizing behaviours that are considered most effective for achieving business stability and growth, in accordance with the belief that these actions will bring positive outcomes for their business sustainability.

Business Sustainability

Business sustainability in MSMEs can be measured by assessing the extent to which the business is successful in innovating, improving employee and customer welfare, and achieving a good return on equity (Hilmawati & Kusumaningtias, 2021). MSMEs' capacity to innovate, manage staff and clients well, and provide a healthy return on original capital investment are all indicators of their sustainability (Permata Sari et al., 2022).

Financial Literacy

Financial literacy includes more detailed aspects than general financial knowledge (Kusuma et al., 2022). Based on previous research, knowledge of Financial Literacy in MSMEs is still limited to financial literacy for capital turnover only, providing additional capital is very beneficial for MSME actors. Financial literacy known here is about income or business results, expenses for buying merchandise and knowledge of calculating income and expenses for applying for financing and being approved in the hope that it runs smoothly so that they continue to get sustainable financing (Ningsih et al., 2019). When MSME actors have an adequate level of literacy, decisions made regarding business and finance will tend to improve business

development and continuity (Jayanti & Karnowati, 2023). Decisions about funding are influenced by financial literacy. Accordingly, the choice to get funding will be influenced by an individual's level of literacy. (Lestari & Ardiansyah, 2024). This has the potential to encourage future business development, strengthen their ability to survive during the pandemic, and ensure business sustainability and continuity in the long term (Jayanti & Karnowati, 2023). In research by (Dermawan, 2019) and (Kusuma et al., 2022) demonstrates how financial literacy significantly and favorably affects MSMEs' performance and sustainability metrics. Conversely, yet, studies carried by (Naufal & Purwanto, 2022) shown that there is no relationship between financial literacy and business sustainability. And studies carried out by (Nurfadhilah et al., 2024) demonstrates how financial knowledge affects the viability of businesses.

Hypothesis 1 (H1): Financial literacy has a significant positive effect on the business sustainability of MSMEs.

Financial Management Behavior

Planning, arranging, and managing financial resources are all part of financial management, which aims to maximize capital use and boost operational effectiveness. For MSME actors, good financial management is essential to maximize business results, increase profitability, and ensure sustainability amid challenges such as economic crises or pandemics. Previous studies found that the performance and sustainability characteristics of MSMEs were positively and significantly impacted by financial management variables (Dermawan, 2019). The same output were also shown in research (Nurfadhilah et al., 2024), that corporate sustainability benefits from sound financial management. Additionally, studies carried by (Romero & Desiyanti, 2023) demonstrates how financial management significantly affects the long-term viability of businesses.

Hypothesis 2 (H2): Financial management behavior has a positive effect on the sustainability of MSMEs.

Digital Financial

The phrase "digital financial inclusivity" describes initiatives to make sure that everyone in society, including those who were previously shut out of formal financial services, may easily and affordably access a variety of financial goods and services by using digital technology. Using digital platforms like e-wallets, digital banking, and other financial services that are accessible via electronic devices like smartphones is part of this. The 2017 Financial Services Authority Regulation defines financial inclusion as the accessibility of a range of financial institutions, products, and services that are suited to the needs and capabilities of the community in order to enhance their well-being. A significant answer to the issue of company financing and a way to free companies from the constraints of conventional finance is digital financial inclusion (Chen et al., 2024). In order to eliminate knowledge asymmetry between fund providers and consumers, digital financial

inclusivity uses cutting-edge technology. Access to banking and financial services among adults is referred to as financial inclusion. Approximately 3.5 billion adults worldwide lack bank accounts and have little or no access to financial activities (Mhlanga, 2020). In a study (Demirguc-Kunt et al., 2017), Research has shown that expanding access to digital financial services may boost financial inclusion, which benefits small company expansion.

Fintech is a kind of digital financial delusion. A number of creative business models that have the potential to revolutionize the financial services sector are referred to as fintech, or financial technology. (Beck, 2020) discovered that MSMEs' efficiency may be raised via the use of financial technology, or fintech. The affordability of digital financial services and goods as a result of digital financial inclusion (Mhlanga, 2020).

The performance of micro, small, and medium-sized businesses (MSMEs) is positively impacted by participation in inclusive financial services, according to research on financial inclusion (Septiani & Wuryani, 2020). According to Dewi and Purwantini (2023), the more financial inclusion there is, the more business sustainability may be ensured. The sustainability of MSMEs is impacted by financial inclusion, according to research (Kusuma et al., 2022). Nonetheless, study findings indicate that financial inclusion has little impact on MSME performance because of access challenges and offered quality that falls short of MSMEs' expectations (Rani & Desiyanti, 2024). The financial performance of MSMEs is positively impacted by digital financial inclusion, according to study by Yu et al. (2023). Digital financial inclusivity has a favorable and considerable impact on MSMEs' sustainability, according to study by Yang and Zhang (2020). The term "digital financial inclusivity" describes initiatives aimed at making it simple and reasonably priced for all societal groups—including those who were previously shut out of formal financial services—to get financial goods and services using digital technology. Using digital platforms like e-wallets, digital banking, and other financial services that are accessible via electronic devices like smartphones is part of this. Financial inclusion, as defined by the 2017 Financial Services Authority Regulation, is giving people access to a range of financial institutions, services, and products that are suited to their needs and capacities in order to improve their general well-being. According to Chen et al. (2024), digital financial inclusion has become a vital remedy for company financing issues and for getting beyond the drawbacks of conventional financial systems. Digital financial inclusivity eliminates information asymmetry between fund providers and consumers by using cutting-edge technologies.

H3: Digital Financial Inclusiveness has a positive effect on the sustainability of MSMEs

Internal factors

Internal factors in this study include business type, age of business, and financial record keeping, which affect business performance and sustainability. The type of business determines the business sector such as

trade, services, or manufacturing, which affects operational strategies and challenges. Age is a measure of how long a firm has been in operation; newer companies typically more inventive, while more established businesses are often more stable. The longer a business operates, the greater its ability to manage financial information that can support business sustainability. Financial recording involves documenting routine transactions to monitor financial conditions and support strategic decisions, while facilitating access to financing. These three variables significantly contribute to business sustainability, especially for MSMEs.

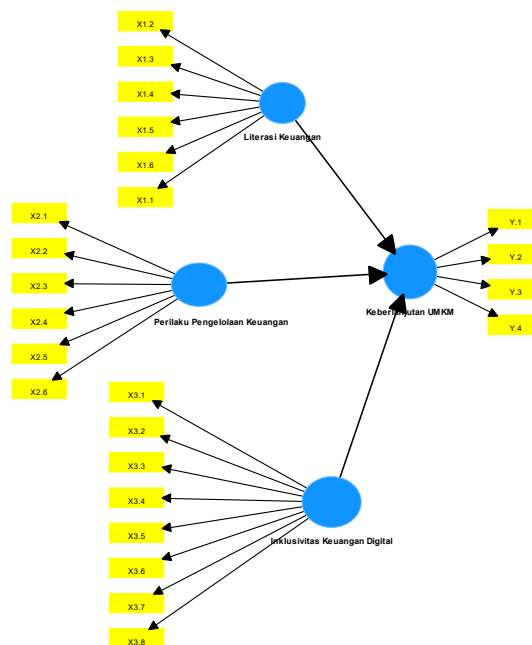


Figure 1. Research Model

METHODOLOGY

In the development of this study, a descriptive technique is combined with a quantitative approach. The major data utilized in this research was gathered via interviewing respondents and sending out questionnaires. 4,899 persons who were PT PNM Mekaar clients in 2024 made up the study's population. Purposive sampling is used to choose the sample since the population is too big; this method selects the sample based on certain criteria. This technique is used because the population and samples to be taken have certain characteristics. The following are the characteristics:

1. Customers of PT PNM Mekaar Selong branch, Lombok Timur, NTB
2. Customers of PT PNM Mekaar Selong branch who are members of the Mekaar Plus group.
3. Have a Loan of 8-10 million

Based on the above characteristics, the number of customers who are members of the Mekaar Plus group is 1,130 customers. And those who have

loans of 8-10 million are 232 customers. So, the sample in this research was 232 people.

The Partial Least Squares (PLS) method inside the Structural Equation Modeling (SEM) framework is used in this study's analytical procedure, which makes use of SmartPLS 4.0 software. Just three independent factors in this research directly affect the dependent variable, according to the literature review. Therefore, just these three independent variables are included in the Structural Equation Modeling (SEM) approach that is used using SmartPLS software to examine the link between variables. In the meanwhile, the fourth independent variable is examined descriptively to provide light on the respondents' backgrounds and traits without examining its structural link. A Likert scale, which in this research includes the following items, was used to assess the variables:

- STS = Strongly Disagree with Score 1
- TS = Disagree with score 2
- S = Agree with score 3
- SS = Strongly Agree with score 4

RESULTS

Validity and Reliability Test

Convergent Validity

In PLS testing with a reflective measurement model, the loading factor value is decisive in measuring a construct. The value used is usually at least 0.7 in measuring convergent validity. However, a loading factor value of 0.5-06 is still considered sufficient (Ghozali & Latan, 2015). The validity test is carried out by calculating the loadig factor value of each indicator. The results of the validity test are shown in the following table:

Table.1 Loading Factor Value

Variables	Indicator	Loading Factor	Description
Financial Literacy (X1)	LK.1	0.844	Valid
	LK.2	0.685	Valid
	LK.3	0.867	Valid
	LK.4	0.755	Valid
	LK.5	0.817	Valid
	LK.6	0.696	Valid
Financial Management Behavior (X2)	PK.1	0.647	Valid
	PK.2	0.688	Valid
	PK.3	0.926	Valid
	PK.4	0.684	Valid

	PK.5	0.819	Valid
	PK.6	0.898	Valid
Digital Financial Inclusiveness (X3)	IKD.1	0.687	Valid
	IKD.2	0.909	Valid
	IKD.3	0.95	Valid
	IKD.4	0.877	Valid
	IKD.5	0.791	Valid
	IKD.6	0.908	Valid
	IKD.7	0.904	Valid
	IKD.8	0.716	Valid
Business Sustainability (Y)	KU.1	0.657	Valid
	KU.2	0.881	Valid
	KU.3	0.954	Valid
	KU.4	0.93	Valid

Source: Primary Data Processed, 2025

Based on the table above which shows the loading factor value of each indicator that connects it to the variable and the value above 0.5, the data is said to be valid (Ghozali, 2011). Nonetheless, a loading factor of between 0.5 and 0.6 is still deemed adequate. (Ghozali & Latan, 2015).

Discriminant Validity

Discriminant validity testing aims to ensure that each indicator in a construct is different from indicators in other constructs.

Table.2 Cross Loading Value

	Digital Financial Inclusiveness	Business Sustainability	Financial Literacy	Financial Management Behavior
LK.1	-0.034	-0.103	0.844	-0.014
LK.2	0.05	-0.083	0.685	-0.014
LK.3	-0.038	-0.07	0.867	0.012
LK.4	-0.071	-0.04	0.755	-0.018
LK.5	-0.044	-0.125	0.817	-0.107

LK.6	-0.054	-0.018	0.696	-0.077
PK.1	0.139	0.471	-0.181	0.647
PK.2	0.154	0.453	0.034	0.688
PK.3	0.27	0.636	0.008	0.926
PK.4	0.159	0.368	-0.05	0.684
PK.5	0.208	0.477	-0.018	0.819
PK.6	0.237	0.58	-0.042	0.898
IKD.1	0.687	0.281	0.001	0.152
IKD.2	0.909	0.333	-0.096	0.198
IKD.3	0.95	0.426	-0.019	0.306
IKD.4	0.877	0.272	-0.036	0.192
IKD.5	0.791	0.259	0.001	0.09
IKD.6	0.908	0.304	-0.047	0.259
IKD.7	0.904	0.328	-0.016	0.283
IKD.8	0.716	0.198	0.01	0.184
KU.1	0.321	0.657	-0.105	0.344
KU.2	0.305	0.881	-0.133	0.519
KU.3	0.292	0.954	-0.084	0.634
KU.4	0.358	0.93	-0.086	0.672

Source: Primary Data Processed, 2025

Based on table 3, all indicators have a value of more than 0.5. Thus, the construct is declared to have good convergent validity. In addition, this cross loading value shows adequate discriminant validity characterized by a higher correlation between indicators to their constructs compared to other constructs. For example, in the table above, X1.1 value of digital financial inclusiveness is higher than financial management behavior and financial literacy.

Reliability Test

Reliability testing is conducted on PLS to ensure the accuracy, consistency, and precision of the instrument in measuring a construct. This test can be seen in Cronbach's Alpha, which indicates the lower limit of reliability and composite reliability to measure the actual reliability value of the construct (Hair et al., 2019).

Table.3 Reability Test Results

	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
Digital Financial Inclusiveness	0.942	0.953	0.719

Business Sustainability	0.882	0.92	0.746
Financial Literacy	0.875	0.903	0.609
Financial Management Behavior	0.87	0.904	0.616

Source: Primary Data Processed, 2025

To be considered a construct is considered reliable if the Cronbach's alpha value exceeds 0.6 and the composite reliability value is greater than 0.7. Based on the results of the values in the table above which exceed 0.7 for each variable, the structure and measuring instrument can be declared to have a good level of reliability (Hair et al., 2019). . The AVE value indicates a value greater than 0.5, which means that the construct has good convergent validity. An acceptable AVE value is 0.50 or higher, which means that the construct explains at least 50 percent of the variance of the elements (Hair et al., 2019).

Hypothesis Test

Table.4 R-Square

	R-square	Adjusted R-square
Business Sustainability	0.467	0.460

Source: Primary Data Processed 2025

The degree of influence of independent factors on the dependent variable is measured by the coefficient of determination, or R-Square. The company sustainability construct's R-Square value, as seen in the above table, is 0.467, meaning that digital financial inclusivity, financial management practices, and financial literacy all contribute 46.7% to business sustainability. This research did not look at all the variables that affect the remaining 53.3%.

Predictive relevance is also assessed using Q-square testing. A model is said to have predictive significance if its Q-square value is larger than zero; if it is less than zero, it is not. To calculate Q-squared, the following formula is used:

$$\begin{aligned}
 Q^2 &= 1 - (1 - R^2) \\
 &= 1 - (1 - 0.467) \\
 &= 0.467
 \end{aligned}$$

Following computation, the Q-squared value, which is 0.467, is determined to be equal to the R-squared value. This suggests the predictive importance of the model's latent variables. Next, using the P Values derived from the Path Coefficient result, hypothesis testing is done.

Table.5 Path Coefficient

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Digital Financial Inclusiveness -> Business Sustainability	0.213	0.215	0.058	3.703	0.000
Financial Literacy -> Business Sustainability	-0.079	-0.088	0.072	1.094	0.274
Financial Management Behavior -> Business Sustainability	0.588	0.587	0.052	11.225	0.000

Source: Primary Data Processed 2025

To determine how much one variable affects another, this test is used. The research used a significance threshold of 0.05, or 5%, to assess the factors of digital financial inclusivity, financial management behavior, and financial literacy. If the P-value is less than 0.05, the hypothesis is accepted since it shows that the independent variable positively affects the dependent variable. However, if the P-value is greater than 0.05, the hypothesis is rejected since the independent variable has no effect on the dependent variable (Henseler et al., 2015).

1. Hypothesis Testing of the Effect of Financial Literacy on the Sustainability of MSMEs

The findings of the hypothesis test on how financial literacy affects company sustainability are shown in Table 5 and reveal a p-value of 0.274, which is higher than 0.05. This implies that the error rate for the relationship between financial literacy and firm sustainability is 27% (0.274), which is higher than the 5% cutoff. Consequently, it may be said that the hypothesis is rejected since there is no positive correlation between financial literacy and the sustainability of businesses.

2. Hypothesis Testing of The Effect of Financial Management Behavior on the Sustainability of MSMEs

According to Table 5's computation findings, the impact of financial management practices on firm sustainability has a p-value of 0.000, or less than 0.05. This indicates that the inaccuracy value of the relationship between financial management practices and company

sustainability is 0.000, or 0%, which is less than the 5% cutoff. Thus, it can be said that the hypothesis is true, demonstrating that sound financial management practices contribute to the long-term viability of businesses.

3. Hypothesis Testing of The effect of digital financial inclusiveness on the Sustainability of MSMEs

The findings of the hypothesis test on how digital financial inclusivity affects business sustainability are shown in Table 5 and reveal a p-value of 0.000, or less than 0.05. This indicates that the impact of digital financial inclusivity on the sustainability of businesses has an accuracy value of 0.000, or 0%, which is less than the 5% cutoff. Thus, the hypothesis is accepted, demonstrating that the degree of digital financial inclusivity significantly improves the sustainability of businesses.

DISCUSSION

1. The Effect of Financial Literacy on the Sustainability of MSMEs

Based on hypothesis testing findings that indicate there is no relationship between financial literacy and the viability of businesses. This is due to the fact that the p value, which is 0.274, in the hypothesis test is larger than 0.05. It may be concluded, then, that hypothesis 1 (H1), according to which financial literacy improves the sustainability of businesses, is not true. This indicates that the sustainability of the company has no bearing on how financially literate business players are. Respondents' responses on the financial literacy quiz, where the majority of respondents indicated disagreement, further support the study's findings. The findings of this investigation align with previous studies (Naufal & Purwanto, 2022) that financial literacy has no effect on business sustainability.

The findings research do not support the implication of *Reasoned Action in the Service of Goal Pursuit*, that goals are the main factor in forming one's behavioral intentions. This result suggests that business owners may not consider financial literacy as an important factor in achieving their business sustainability goals. Instead, they tend to prioritize actions that are considered more relevant or supportive of achieving business goals, such as experience, business intuition or operational skills. Thus, this study supports the theory in the sense that businesses' decisions reflect a rationalization process focused on factors they perceive as more effective in achieving sustainability, regardless of their level of financial literacy.

2. The Effect of Financial Management on the Sustainability of MSMEs

The results of the hypothesis test show a p-value of 0.000 (0%), which is below 5%. This demonstrates the validity of hypothesis 2 (H2), which holds that sound financial management practices significantly improve the sustainability of businesses. MSMEs are more sustainable when their finances are managed effectively and efficiently. These results concur with earlier studies conducted by (Dermawan, 2019), which also concluded that financial

management positively and significantly influences MSME performance and sustainability. This highlights the crucial role of proper financial management in ensuring the long-term success of MSMEs. With well-managed finances, MSME entrepreneurs can allocate funds appropriately for operational and investment purposes, ultimately supporting the continuity and growth of their businesses.

The findings research support the implications of the *Reasoned Action in the Service of Goal Pursuit* theory. According to this idea, people's intentions which are impacted by attitudes, social conventions, and their perception of control over their behavior will determine the choices or acts they do. In the context of financial management, MSME actors who have a positive attitude towards the importance of good and efficient financial management, and feel they have the control and resources to carry it out, will be more likely to implement effective financial management practices. This attitude is reinforced by social norms that encourage the importance of business sustainability and optimal performance in the business environment. Thus, good financial management behavior is part of the efforts of MSME actors to achieve their long-term goal of business sustainability.

In addition, in this theory, the belief in control over effective financial management also contributes to MSMEs' ability to plan and allocate funds appropriately. Overall, the TRGP supports the understanding that MSME actors' decisions to manage finances properly and efficiently are not only influenced by knowledge or skills, but also by their attitudes and beliefs regarding the importance of financial management in achieving business sustainability.

3. The Effect of Digital Financial Inclusiveness on the Sustainability of MSMEs

A p-value of 0.000 (0%), which is less than 0.05, is found in the hypothesis testing findings regarding the effect of digital financial inclusivity on the sustainability of MSME businesses. Thus, it is confirmed that digital financial inclusion significantly improves MSMEs' sustainability, and hypothesis 3 (H3) of this research is accepted. These results are consistent with a study by Yang and Zhang (2020), which also indicated that better digital financial inclusion increases MSMEs' company sustainability.

Digital financial inclusivity is the availability and use of digital financial services that support MSMEs in strengthening their financial management, increasing access to finance, and improving operational efficiency. The development of digital financial services via information technology broadens the reach of financial services by allowing consumers to access them through gadgets like computers and smartphones (Yang & Zhang, 2020). The findings of this study emphasize that MSME sustainability is closely linked to their ability to adapt to technological advancements, particularly in adopting digital financial solutions.

This, when associated with the *Reasoned Action in the Service of Goal Pursuit* theory, can be concluded that business actors who have positive intentions and strong intentions to adopt digital finance will have greater opportunities for business sustainability. Therefore, it is important for MSMEs to continue to develop according to the times such as accessing utilization and accessing digital financial technology for the sustainability and growth of their business.

4. Influence of Internal Factors on Business Sustainability

Table.6 Internal Factors

Respondent Characteristics	Total	Percentage
Age of Respondent	26-30	40 17%
	31-35	120 31%
	45-50	72 52%
Length of business	1 Year	35 15%
	2-5 Years	157 68%
	>10 Years	40 17%
Business Type	Services	17 7%
	Trade	137 59%
	Agrarian	40 17%
	Home Industry	38 17%
Performing Financial Records	Yes	127 55%
	No.	105 45%
Have a place of business	Yes	232 100%
	No.	0 0%

Based on the characteristics of respondents who participated in the PT PNM Mekaar financing program, internal factors that influence business sustainability include age, length of business, type of business, financial records, and ownership of business premises. The majority of MSME players are in the age range of 31-35 years (52%), which is a relatively mature and experienced age group in running a business. This more mature age gives them the advantage of better decision-making and the ability to survive and thrive in the long term. In addition, more than 85% of business owners have been running their businesses for 2-10 years, which shows their seriousness and commitment to the continuity of their business. Businesses that have been running for a long time tend to be more stable because business owners have more experience and knowledge in managing the business. In terms of business type, the trade sector dominates (59%), indicating that trade businesses have greater sustainability potential compared to other sectors, such as services, which is only 7%. This is because the trade sector tends to have more stable market demand and flexibility in running the business. In addition, although the financial records carried out by business actors are still relatively simple, such as recording goods sold, purchases of goods, capital,

and profits, this shows that business actors are beginning to understand the importance of financial management in maintaining the sustainability of their business. More structured and systematic records will improve operational efficiency and make it easier for businesses to plan future strategies. Finally, all respondents have a business premises, either at home or outside, which provides stability and a clear business identity, and makes it easier for entrepreneurs to expand their market and increase sales volume. Overall, internal factors such as the experience and age of the entrepreneur, length of business, type of business, as well as the financial management that has begun to be applied and the existence of a fixed business place show that the sustainability of MSME businesses is strongly influenced by the seriousness and commitment of the entrepreneur in managing their business, although there are still some aspects that need to be improved and enhanced, especially in terms of financial recording and market development.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of the study, the sustainability of MSMEs is influenced by several factors with varying degrees of influence. Financial literacy does not show a significant influence, indicating that many business people rely more on experience and business intuition in running their businesses. On the other hand, financial management behavior has a positive and significant influence, which indicates that good financial management can improve business stability and performance.

In addition, the inclusiveness of digital finance plays an important role, where MSMEs that utilize financial technology are better able to increase operational efficiency and access to capital. Internal factors such as age, experience, type of business, financial record keeping, and business ownership also contribute to the sustainability of MSMEs. Therefore, further education on practical financial management is still needed, as well as support from the government and financial institutions in the form of training in financial record keeping and capital management strategies.

Financial digitization must continue to be encouraged so that MSMEs are more competitive in the digital economy. MSMEs also need to improve more structured financial records and expand market access. Institutions such as PT PNM Mekaar can provide assistance in financial aspects and market access to increase the sustainability and growth of MSME businesses.

FURTHER STUDY

Every study has limitations, as does this one. One of the main limitations is the lack of coverage of other factors that may affect the sustainability of MSMEs, such as government policies or macroeconomic conditions. Deeper exploration of financial literacy is needed to understand other factors that influence its application in MSME sustainability. In addition, specific analysis is needed on the impact of digital financial inclusiveness on MSMEs in various industrial sectors as well as differences in business sustainability between MSMEs that use digital services and those that do not. Social and cultural factors

also need to be studied further to understand how these aspects influence the financial behavior and sustainability of MSMEs. In addition, the role of the government and financial institutions in improving access to capital for MSMEs must also be evaluated to determine the effectiveness of the financing policies and programs that have been implemented. By examining these aspects, future research can provide broader insights into the best strategies for improving the sustainability of MSMEs in the digital age.

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