

ABSTRACT

The development of digital technology has led to the emergence of new innovations in financial products and services, one of which is the continuously evolving digital financial innovation known as technology-based funding services or Financial Technology.(FinTech).

This research aims to explore and explain the extent to which the use of Financial Technology affects the financial performance of Micro, Small, and Medium Enterprises (MSMEs) in the city of Bandung, with financial literacy serving as an intervening or mediating variable. The main finding of this research is to understand the perceived benefits of using FinTech in relation to the financial performance of SMEs. This study is expected to contribute to understanding the impact of FinTech usage on SMEs in the city of Bandung.

The research method used is the quantitative method. The sampling was conducted using a non-probability sampling method with a purposive sampling type. The data used is primary data of the cross-sectional type, with the distribution of questionnaires conducted online using Google Forms, involving a total of 385 respondents. Respondents are small and medium enterprises (SMEs) located in the city of Bandung that utilize financial technology for their financial performance.

The results of this study indicate that there is a significant influence of Financial Technology (FinTech) on the financial literacy of micro, small, and medium enterprises (MSMEs) in the city of Bandung. The findings also show that financial literacy significantly affects the financial performance of MSME actors in Bandung. From the mediation testing, it can be concluded that financial literacy effectively mediates the influence of Financial Technology (FinTech) on the financial performance of MSME actors in Bandung. The better the financial literacy due to the high application of Financial Technology (FinTech), the more it will impact the improvement of the financial performance of MSME actors.

This research is expected to provide a better understanding for MSMEs to utilize FinTech services with strong financial literacy skills, enabling MSME actors to improve their business financial performance and make wise decisions.

Keywords: Financial Technology, Financial Literacy, Financial Performance, MSMEs.