## ABSTRACT

*Digital transformation has changed various aspects of life, including the financial and business sectors. In the context of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia, the adoption of digital payments has become a crucial factor in improving efficiency and competitiveness. However, the adoption rate of digital payment systems among MSMEs remains relatively low. This study aims to analyze the factors influencing the adoption of digital payments among MSMEs in Indonesia by considering perceived ease of use, perceived usefulness, social influence, and perceived risk, with financial literacy as a moderating variable.*

*The research method used is quantitative with a causal approach. Data were collected through questionnaires distributed to 400 MSME actors in Indonesia using non-probability sampling techniques and purposive sampling approaches. The analysis method in this study employs SEM-PLS with the assistance of SmartPLS software. The results indicate that each of the variables perceived ease of use, perceived usefulness, social influence, and perceived risk has a significant positive effect on the adoption of digital payment among MSMEs in Indonesia. Furthermore, the findings show that financial literacy does not have a significant moderating effect on the relationship between perceived ease of use, perceived usefulness, social influence, and perceived risk with the adoption of digital payment. However, financial literacy has a significant positive direct effect on the adoption of digital payment. Thus, it can be stated that financial literacy is not a moderating variable but can be treated as an independent variable.*

*The study's findings are expected to provide insights into the key determinants of digital payment adoption and offer strategic recommendations for stakeholders to promote MSME digitalization. This research also contributes to expanding the theoretical framework related to financial technology adoption in the context of developing countries like Indonesia.*



*Keywords: Digital Payment, MSMEs, Perceived Ease of Use, Perceived Usefulness, Social Influence, Perceived Risk, Financial Literacy.*