

THE INFLUENCE OF FINANCIAL TECHNOLOGY (FINTECH) USAGE, FINANCIAL LITERACY, SAVING HABITS, AND CAPITAL STRUCTURE ON THE FINANCIAL CAPABILITY OF MSMES IN TANGERANG REGENCY

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Abstract

MSMEs in Tangerang Regency deal with a number of financial management issues, such as low financial literacy, poor saving practices, an uneven capital structure, and inefficient use of financial technology (Fintech). These circumstances affect MSMEs' limited ability to manage cash flow, secure capital, and sustain firm stability. This study aims to quantitatively analyse the influence of Fintech usage, financial literacy, saving habits, and capital structure on the financial capability of MSMEs in Tangerang Regency. The research method uses an associative approach with multiple regression analysis techniques applied to 200 MSME respondents selected through purposive sampling. The research instrument is a Likert scale that is evaluated using validity and reliability tests, while data analysis is carried out using SPSS using classical assumptions, t, and F tests. The study's findings indicate that the following variables—Fintech, financial literacy, kebiasaan menabung, and modal structure—have a positive and significant impact on UMKM's financial capabilities, both in a parallel and parallel manner. The Adjusted R-Squared value of 0.612 indicates that 61.2% of the financial variability can be explained by the developed model. This study highlights the importance of financial education, effective financial management, and the use of financial technology to increase UMKM's financial capabilities in the digital age. It is anticipated that this will serve as a catalyst for government agencies, financial institutions, and Fintech companies to develop more effective UMKM strategies.

Keywords: *Financial Technology (Fintech); Financial Literacy; Saving Habit; Capital Structure; Financial Capability of MSMEs*

INTRODUCTION

MSMEs are one of the most important sectors in the Indonesian economy, especially in Tangerang Regency, where micro and small businesses are growing. Limitations in financial management, access to capital, and the ability to adopt rapidly developing financial technology are the main challenges frequently faced by MSMEs. Financial Technology (Fintech) is a tool that MSMEs can use to increase transaction efficiency, improve transaction access, and enhance the financial system. However, the use of Fintech is not always optimal because many MSME users still have a low level of financial literacy, poor banking skills, and inadequate capital. These factors are crucial in determining the financial capacity of micro, small, and medium enterprises (MSMEs) in a comprehensive manner (Alshater et al., 2022). Even though Fintech is widely available, many MSMEs in Tangerang Regency have not yet fully utilised it due to a lack of knowledge, technological proficiency, and understanding of its long-term use. Low financial literacy makes it difficult for MSME actors to manage cash flow, understand risk, and make effective investment decisions. In addition, as an MSME user, the lack of a savings habit impacts low liquidity reserves, which disrupts business operations when unexpected needs arise. Unbalanced capital structures, such as reliance on personal capital or informal credit, might further hinder MSMEs' ability to maintain financial stability. To understand their impact on MSMEs' financial capabilities, these problems must be empirically investigated (Rahman & Hossain,

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2025). The purpose of this study is to quantitatively analyse how the use of Financial Technology (Fintech), financial literacy, saving habits, and capital structures affect the financial capabilities of Micro, Small, and Medium Enterprises (MSMEs) in Tangerang. This study also aims to identify the factors that have the greatest influence and how the interaction between these variables can contribute to the increase in MSME users' financial capacity. Accordingly, it is anticipated that the results of the study will be useful for MSMEs, the regional government, the finance committee, and other stakeholders in strengthening business development and empowerment strategies (Liang et al., 2025). The research gap arises because a large number of previous studies have only examined the impact of financial literacy or Fintech separately on MSME performance or financial behaviour, without simultaneously examining saving habits and capital structure. In addition, research that examines financial capacity as a dependent variable is still controversial, particularly in the context of MSMEs in Tangerang Regency, which has demographic characteristics and a level of technological adoption that differs from other areas. This study aims to provide a more comprehensive understanding of the factors that affect MSME financial capabilities in the digital age by connecting four important variables that have not been thoroughly studied (Azmeh, 2025).

LITERATURE REVIEW

Financial Technology (Fintech) refers to technological innovations in financial services that enable faster, easier, and more efficient transactions, payments, and investments. In the context of UMKM (Micro, Small, and Medium Enterprises), Fintech plays a crucial role in helping business owners access capital, complete transactions, and conduct digital currency transactions. According to the Technology Acceptance Model theory, Fintech adoption is influenced by users' perceptions of ease of use and benefits. Previous research suggests that using Fintech can improve the efficiency of UMKM's financial transactions, but its effectiveness is still limited by users' ability to understand technology and money. Therefore, Fintech is considered a variable that is expected to significantly contribute to UMKM's financial capabilities (Lu et al., 2025).

Financial literacy refers to an individual's ability to understand basic financial concepts such as investment, risk management, savings, budgeting, and financial management. For MSMEs, financial literacy is a crucial factor in determining the quality of financial decisions. According to human capital theory, an increase in financial literacy can improve a person's ability to manage their daily resources. Numerous studies have shown that UMKM employees with high literacy levels are better able to handle cash flow, avoid credit defaults, and increase their productivity (Zaiceanu et al., 2015). In light of this, financial literacy is considered a crucial and pertinent variable in assessing the financial capabilities of UMKM in Tangerang.

The habit of saving is a type of behavioural finance that indicates an individual's or business's inclination to maintain financial reserves. According to the perspective of behavioural finance theory, a person's financial discipline, attitude, and mindset all influence their saving habits. In MSMEs, the habit of saving is effective in creating liquidity and providing emergency funds that can support business operations. Previous research indicates that business owners with a preference for tend to have more stable financial conditions and are better able to handle financial challenges. Because of this, one factor that can increase the financial capabilities of micro, small, and medium enterprises (MSMEs) is the habit of saving (Edhie Rachmad et al., 2024).

Capital structure refers to the use of both internal and external sources of capital (such as loans) in business operations. According to the capital structure theory (Modigliani-Miller Theory), a suitable combination of debt capital and equity capital can maximise business value and increase financial efficiency. In the context of MSMEs, unbalanced capital structures, such as those seen in private or informal credit, might hinder business growth and reduce financial capacity. The financial capabilities of micro, small, and medium enterprises (MSMEs) include the ability to manage cash flow, fulfil obligations, and maintain financial stability. Integrating the capital structure with factors such as Fintech, financial literacy, and saving habits provides a comprehensive approach to understanding the financial situation of MSMEs. Because of this, this study aims to clarify the relationship between the four variables mentioned above and the financial capabilities of Tangerang Regency's MSMEs (Adznan & Nelson, 2014).

METHOD

This study utilises a quantitative approach with an associative research design to analyse the impact of Financial Technology (Fintech) usage, financial literacy, financial bias, and capital structure on the financial capacity of Micro, Small, and Medium Enterprises (MSMEs) in Tangerang. The quantitative approach is chosen because it allows variables to be measured objectively, structurally, and through the use of statistical techniques. This study also uses a multiple regression line to examine the simultaneous and partial relationships between the components under investigation (Zhang et al., 2025). The population in this study consists of all UMKM users who live in

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Kabupaten Tangerang and actively engage in minor business throughout a single year. The sampling technique is carried out using the purposive sampling method with the criteria of UMKM owners who have previously engaged in digital transactions or are in contact with modern financial services. The sample size is determined using the Slovin rumus or a minimum of 100 respondents in order to meet the regression analysis criteria. Data collection is done through online or offline kuesioner penyebaran in order to more effectively identify heterogeneous UMKM users (Yudaruddin et al., 2023).

The primary research tool is a Likert scale with two answer choices, ranging from "strongly disagree" to "strongly agree." In this study, the independent variables are Fintech usage, financial literacy, saving habits, and capital structure; the dependent variable is the financial capabilities of MSMEs. Each variable is measured using an indicator that has been aligned with the theory and previous research. Item validity testing (Pearson product moment) is used to assess the validity of the instrument, while Cronbach's Alpha is used to assess the reliability of the instrument (Brás et al., 2024).

The data analysis in this study is conducted using several methods, including data quality analysis (validity and reliability), classical assumption analysis (normality, multicollinearity, and heteroscedasticity), and hypothesis testing using multiple regression analysis. Data analysis is performed using statistical software such as SPSS or SmartPLS. The analysis results are used to determine which independent variables impact the financial capabilities of micro, small, and medium enterprises (MSMEs), either in parallel or simultaneously. With this methodology, it is anticipated that the research will yield accurate empirical results that can be used as a basis for developing policies and strategies to support the expansion of financial capabilities for MSMEs in Tangerang Regency (Dafri & Al-Qaruty, 2023).

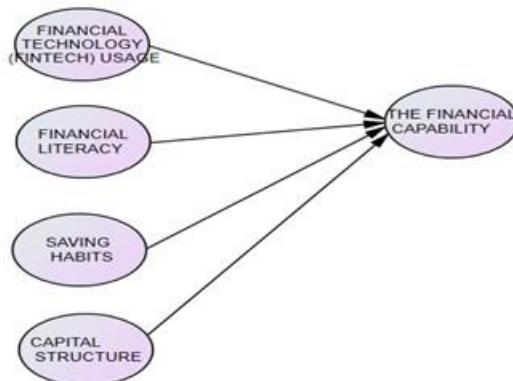


Figure 1. Research Model

Hypothesis Research:

H1: The use of Financial Technology (Fintech) has a positive and significant impact on the financial capabilities of Tangerang Regency's Micro, Small, and Medium Enterprises (MSMEs).

H2: Literacy has a positive and significant impact on the financial capabilities of Tangerang Regency's MSMEs. Reason: Good financial knowledge increases the ability of MSME users to manage their money effectively.

H3: There is a positive and significant impact on the financial capabilities of Tangerang Regency MSMEs.

H4: The modal structure has a positive and significant impact on the financial capabilities of UMKM in Tangerang Regency. Reason: Modal structures enable UMKM to conduct business operations and expansion more efficiently.

H5: Fintech use, financial literacy, saving habits, and capital structure simultaneously have positive and significant effects on financial capabilities.

RESULTS AND DISCUSSION

Description of Regression Analysis

Results Based on data analysis using SPSS on 200 MSME respondents in Tangerang province, it was found that the multiple regression model yielded an Adjusted R-squared value of approximately 0.612. This indicates that 61.2% of the variation in MSMEs' financial capabilities can be explained by the following variables: financial technology (Fintech) usage, financial literacy, saving habits, and capital structure. However, 38.8% of the variation is influenced by other factors outside the research model. The F-statistic value of 79.452 with a p-value less than

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0.001 indicates that the regression model is simultaneously significant, meaning that all variables have an impact on MSMEs' financial capacity.

The Impact of Fintech on Financial Capabilities

The results of the t-test indicate that the Fintech usage variable has a t-statistic of approximately 4.825 with a p-value less than 0.001, leading to the rejection of hypothesis H1. This suggests that using Fintech has a positive and significant impact on the financial capabilities of micro, small, and medium-sized enterprises (MSMEs). Active MSME users who utilise digital services such as e-wallets, mobile banking, and online payment platforms experience more reliable transactions, faster access to capital, and higher transaction efficiency. This study supports the TAM theory, which states that the perception of technology's usefulness and ease of use increases user behaviour, ultimately leading to improved business financial performance.

Effects of Financial Literacy on Financial Capabilities

The financial literacy variable shows a t-statistic of approximately 6.273 with a p-value less than 0.001, indicating the significance of hypothesis H2. The results indicate that as the financial literacy level of MSME students increases, so does their ability to manage their finances. MSME students who understand the concepts of budgeting, risk management, and financial record-keeping are able to make more rational and thorough financial decisions. This aligns with Human Capital theory, which posits that knowledge is a crucial factor in enhancing an individual's ability to manage business resources.

Effects of Saving Habits on Financial

Capabilities Saving habits also show a significant effect with a t-statistic of approximately 3.994 and a p-value less than 0.001, indicating that H3 is rejected. This result indicates that MSME users who consistently maintain their income status have sufficient funds for business needs or investments. With savings, MSMEs have better liquidity, can handle fluctuating cash flow, and have a greater understanding of financial risk. This study supports the theory of behavioural finance, which emphasises the importance of behaviour and habits in determining financial conditions.

Impact of Modal Structure on Financial Capabilities

Additionally, the modal structure is significant with a t-statistic of approximately 5.112 and a p-value less than 0.001, indicating that hypothesis H4 is accepted. This indicates that a modal composition balanced between one's own and external modalities contributes positively to the financial capabilities of UMKM (Micro, Small, and Medium Enterprises). UMKM users who are able to utilise formal funding sources, such as bank credit or measurable Fintech loans, tend to have more robust and stable business capabilities. This is consistent with the Modigliani-Miller theory, which states that an optimal modal structure can increase business value. Simultaneously, all independent variables significantly affect MSMEs' financial capacity, as demonstrated by the results of the F-test. This indicates that the increase in MSMEs' financial capabilities is not solely dependent on one factor, but rather on a combination of technological adoption, financial knowledge, financial behaviour, and capital. The study's findings indicate that the government, financial authorities, and Fintech service providers must collaborate to provide financial education, easy access to capital, and technology support to MSME users. With the aforementioned comprehensive support, MSMEs in Tangerang Regency can enhance their financial and operational capabilities in the digital age.

CONCLUSION

Based on the results of a quantitative study conducted on 200 MSME users in Tangerang Regency, it can be concluded that the use of Financial Technology (Fintech), financial literacy, and capital structure have a positive and significant impact on MSME financial capabilities, both individually and collectively. Fintech has the potential to increase transaction efficiency, improve access to funding, and improve MSME cash flow, while financial literacy is crucial in increasing business owners' ability to manage money, understand risks, and make better decisions. The habit of saving contributes to the creation of a stable reserve liquidity, making it easier for MSMEs to handle uncertainty, and a balanced capital structure enhances the business's ability to develop and maintain operational stability. Overall, the findings of this study indicate that the financial capacity of MSMEs in Tangerang Regency is not determined by a single factor, but rather by a combination of technological aspects, knowledge, financial behaviour, and effective capital management. With an Adjusted R-Squared of approximately 61.2%, this research model provides empirical evidence that increasing digital literacy, financial education, and access to structured

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capital is highly necessary to improve MSME financial performance. It is anticipated that the results of this study will be useful to the government, financial authorities, and Fintech service providers in developing more effective policies and mentoring programs to help MSMEs address the challenges of the digital age.

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