Jurnal Manajemen Stratejik dan Simulasi Bisnis (JMASSBI) Vol 7. No. 1 2026
Permalink:http://jmassbi.fekon.unand.ac.id/index.php/mssb/article/view/274
doi: https://doi.org/10.25077/jmassbi.7.1.16-30.2026
ISSN: 2746-6868 (online)

The Influence of Digital Financial Literacy and Government Support on the Financial Performance of Retail MSMES in Padang City With Digital Payment Adoption as a Mediating Variable

Fadhillatul Hidayati[1], Tafdil Husni[2], Fajri Adrianto[3]

[1]Program Studi Magister Manajemen, Universitas Andalas, Email: fadhillatulhidayati00@gmail.com
[2] Program Studi Magister Manajemen, Universitas Andalas, Email: tafdilhusni@eb.unand.ac.id
[3]Program Studi Magister Manajemen, Universitas Andalas, Email: fajriadrianto@eb.unand.ac.id

Abstract

This study aims to examine the effect of digital financial literacy and government support on the financial performance of micro, small, and medium enterprises (MSMEs) in the retail sector in Padang City, with digital payment adoption as a mediating variable. Digital payments in this study include the use of e-wallets and QRIS. This research employs a quantitative approach using non-probability sampling with a purposive sampling technique. A total of 100 respondents were obtained through the distribution of questionnaires via Google Forms to retail-sector MSME owners in Padang City who have adopted digital payment systems. Data analysis was conducted using the Structural Equation Modeling–Partial Least Squares (SEM-PLS) method with SmartPLS version 4.0 software. The results indicate that digital financial literacy and government support have a positive and significant effect on digital payment adoption. Furthermore, digital financial literacy, government support, and digital payment adoption have a positive and significant effect on financial performance. Mediation analysis reveals that digital payment adoption significantly mediates the relationship between digital financial literacy and financial performance. However, digital payment adoption does not significantly mediate the relationship between government support and financial performance, indicating that the influence of government support on financial performance is more dominantly exerted through a direct pathway rather than through the mechanism of digital payment adoption.

Keywords: *Digital Financial Literacy, Government Support, Digital Payment Adoption, Financial Performance*

Abstrak

Penelitian ini bertujuan untuk menentukan pengaruh *digital financial literacy* dan dukungan pemerintah terhadap kinerja keuangan UMKM sektor ritel di Kota Padang dengan adopsi *digital payment* sebagai variabel mediasi. *Digital payment* yang dimaksud dalam penelitian ini meliputi penggunaan *e-wallet* dan QRIS. Jenis penelitian adalah kuantitatif dengan teknik pengambilan sampel *non-probability* dan *purposive sampling*. Terdapat 100 responden yang diperoleh melalui penyebaran kuesioner menggunakan Google Form kepada pelaku UMKM sektor ritel di Kota Padang yang telah mengadopsi *digital payment*. Analisis data akan dilakukan dengan metode *Structural Equation Modeling - Partial Least Squa*re (SEM-PLS) dengan perangkat lunak SmartPLS versi 4.0. Hasil penelitian menunjukkan bahwa *digital financial literacy* dan dukungan pemerintah berpengaruh positif dan signifikan terhadap adopsi *digital payment*. Selain itu, *digital financial literacy*, dukungan pemerintah, dan adopsi *digital payment* berpengaruh positif dan signifikan terhadap kinerja keuangan. Selanjutnya, hasil pengujian pengaruh mediasi menunjukkan bahwa adopsi *digital payment* berpengaruh signifikan dalam memediasi hubungan antara *digital financial literacy* dan kinerja keuangan. Namun demikian, adopsi *digital payment* tidak berpengaruh signifikan sebagai variabel mediasi dalam hubungan antara dukungan pemerintah dan kinerja keuangan, yang mengindikasikan bahwa pengaruh dukungan pemerintah terhadap kinerja keuangan lebih dominan melalui jalur langsung dibandingkan melalui mekanisme adopsi *digital payment*.

Kata Kunci: *Digital Financial Literacy*, Dukungan Pemerintah, Adopsi *Digital payment,* Kinerja Keuangan

Corresponding author: Fadhillatul Hidayati[1*] fadhillatulhidayati00@gmail.com

Acknowledgment: The author would like to express sincere gratitude to the thesis supervisor for the guidance and direction provided throughout the preparation of this research, as well as to the examiners for their constructive suggestions and valuable feedback. Appreciation is also extended to the entire academic community of the Master of Management Program, Faculty of Economics and Business, Universitas Andalas, for their support, facilities, and a conducive academic environment. The author also gratefully acknowledges the respondents, namely retail sector MSME actors in Padang City, for their participation and cooperation in this stud

INTRODUCTION

The development of the digital economy has brought fundamental changes to financial transaction systems, particularly through the shift from cash-based payments to digital payments. In Indonesia, advances in financial technology (fintech) have driven the increasingly widespread use of digital payment instruments such as e-wallets and the Quick Response Code Indonesian Standard (QRIS). Digital payments offer convenience, efficiency, and security in transactions while also minimizing the potential for payment errors (Namira, 2022). The increasing value and volume of e-wallet and QRIS transactions in recent years indicate that digital payment systems have become an integral part of economic activities among both consumers and businesses (Lintang, 2024; Alfathi, 2025). In 2024, the total value of e-wallet transactions reached IDR 683 trillion, representing a 31% increase compared to the previous year. The following section presents the growth in e-wallet transaction values in Indonesia during the 2020–2024 period:

Table 1. E-Wallet Transaction Growth in Indonesia

Year	Transaction Value (Rp)	Growth (%)
2020	205 Triliun	-
2021	305 Triliun	49
2022	407 Triliun	33
2023	521 Triliun	28
2024	683 Triliun	31

Source: Asosiasi Sistem Pembayaran Indonesia (aspi-indonesia.or.id)

Based on Table 1, there is a highly significant growth in e-wallet transaction values from 2020 to 2024. In 2020, the transaction value was recorded at IDR 205 trillion. This figure increased to IDR 305 trillion in 2021, reflecting a growth rate of 49%. This positive trend continued in 2022, with a 33% increase to IDR 407 trillion. The growth accelerated further in 2023, as transaction values reached IDR 521 trillion, representing a 28% increase compared to the previous year. By 2024, e-wallet transactions continued to rise to IDR 683 trillion, indicating a 31% year-on-year growth. These data demonstrate that e-wallet adoption in Indonesia has increased consistently, in line with the advancement of fintech and the growing demand for digital transactions among the public.

Furthermore, QRIS is the national QR code standard developed by Bank Indonesia (BI) and the Indonesian Payment System Association (ASPI) to facilitate digital payments. QRIS was introduced in 2019 and widely implemented in 2020. According to ASPI, in 2024, the QRIS transaction volume and value reached their highest levels, totaling 6.24 billion transactions amounting to IDR 659.93 trillion (Alfathi, 2025). The following is a breakdown of QRIS transaction volumes in Indonesia for the period 2020–2024:

Table 2. QRIS Transaction Volumes in Indonesia

Year	Transaction Volume	Growth (%)
2020	124 Juta	-
2021	375 Juta	202
2022	1 Miliar	167
2023	2,14 Miliar	114
2024	6,24 Miliar	192

Source: Asosiasi Sistem Pembayaran Indonesia (aspi-indonesia.or.id)

The implementation of digital payments has not only transformed consumer transaction behavior but has also influenced the operational practices of business actors, particularly Micro, Small, and Medium Enterprises (MSMEs). MSMEs play a strategic role in the Indonesian economy, contributing significantly to gross domestic product and employment absorption (Supriyanto, 2024). At the regional level, Padang City, as the economic center of West Sumatra Province, has experienced rapid MSME growth, particularly in the retail sector, which dominates the number of business units compared to other sectors (Fernandes & Saibi, 2025). The characteristics of retail MSMEs, which involve high daily transaction intensity, make digital payments a highly relevant payment solution for enhancing operational efficiency and business competitiveness. The growth of MSMEs in Padang City over the past five years is summarized below:

Table 3. MSME Growth in Padang City

District	MSMEs	Type of Business				
		Packaging	Serving	Retail	Service	Craft
Padang Barat	4.320	216	1.922	1.699	432	51
Padang Selatan	4.530	500	1.841	1.761	346	82
Padang Timur	4.791	395	1.694	2.042	541	119
Padang Utara	3.352	308	1.207	1.369	347	121
Nanggalo	2.411	305	841	897	305	63
Koto Tangah	7.276	875	2.064	3.350	722	282
Kuranji	7.095	769	2.051	3.120	846	311
Pauh	3.570	298	1.040	1.739	378	115
Lubuk Kilangan	2.336	239	672	1.058	282	85
Lubuk Begalung	5.764	592	1.623	2.693	665	191
Bungus Teluk Kabung	2.247	183	637	1.074	194	18
Total	47.692	4.680	15.592	20.802	5.058	1.438

Source: Diskop UKM Kota Padang (satudata.padang.go.id)

In the context of MSMEs, financial performance serves as a primary indicator of business success. Financial performance reflects the ability of business actors to manage resources in order to increase sales, profits, assets, and sustainable business growth (Galimba et al., 2024; Wijaya et al., 2025). The utilization of digital technologies, including digital payments, is widely believed to support improvements in financial performance through faster transaction processes, more accurate financial records, and greater ease in monitoring cash flows (Tarantang et al., 2019; Rani & Desiyanti, 2024). Nevertheless, these benefits are not always optimally realized by all MSMEs, as levels of understanding and capability in using digital financial technologies vary considerably among business actors.

The ability of business actors to understand and utilize digital financial services is reflected in their level of digital financial literacy. Digital financial literacy refers to an individual's capacity to understand, evaluate, and appropriately use digital financial products and services, including awareness of their benefits and associated risks (Al-Shami et al., 2024; Hoque et al., 2025). A high level of digital financial literacy enables MSME actors to optimize the use of digital payments as part of business financial management, thereby potentially enhancing financial performance (Tandilino et al., 2025; Galimba et al., 2024). Therefore, digital financial literacy constitutes a critical internal factor in driving the successful adoption of digital payments.

In addition to internal factors, the success of digital payment adoption is also influenced by external factors, one of which is government support. The government plays an essential role in creating a digital financial ecosystem through the provision of infrastructure, digitalization training programs, supportive policies, and transaction security assurances (Aji et al., 2020; Febriyanto et al., 2024). The implementation of QRIS by Bank Indonesia in collaboration with the Indonesian Payment System Association represents a concrete form of government support in simplifying and integrating digital payment systems (Lerihardika, 2023). Such support is expected to enhance MSMEs' confidence in adopting and sustainably using digital payment systems.

Previous studies have demonstrated that digital financial literacy and government support influence both digital payment adoption and the financial performance of MSMEs (Asisa et al., 2022; Galimba et al., 2024; Tandilino et al., 2025). Several studies also confirm that digital payment adoption contributes positively to financial performance and business growth (Verma et al., 2024). However, empirical findings have not yet revealed a fully consistent pattern of relationships, particularly regarding the mediating role of digital payment adoption in linking digital financial literacy and government support to financial performance. Some studies report a significant mediating effect, while others indicate that the influence of government support on financial performance is more dominant through direct pathways rather than through digital payment adoption mechanisms (Febriyanto et al., 2024; Mujahed et al., 2024).

Moreover, most prior research has been conducted in different regional and sectoral contexts, resulting in limited empirical understanding of these relationship mechanisms within retail-sector MSMEs in Padang

City. In fact, the retail sector exhibits transaction characteristics distinct from other MSME sectors and is highly dependent on transaction speed and payment convenience. This condition highlights the need for a focused study that specifically examines the role of digital financial literacy and government support in shaping the financial performance of retail MSMEs, while considering digital payment adoption as an intervening mechanism.

Based on the above discussion, this study aims to address the influence of digital financial literacy and government support on digital payment adoption and their subsequent impact on the financial performance of retail MSMEs in Padang City. This study also seeks to examine the mediating role of digital payment adoption in explaining the relationship between these internal and external factors and business financial performance.

This study is expected to contribute to the development of the financial management and technology adoption literature by clarifying the role of digital payment adoption in the context of retail-sector MSMEs. From a practical perspective, the findings are anticipated to serve as a reference for local governments, financial institutions, and other stakeholders in designing more effective MSME digitalization policies and programs that are aligned with the needs of business actors.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

This study focuses on examining the relationships between digital financial literacy and government support and the financial performance of retail-sector MSMEs in Padang City, with digital payment adoption serving as a mediating variable. The selection of these variables is motivated by the increasing use of digital payment systems among MSMEs and the critical role of internal readiness and external support in ensuring successful business digitalization. To explain the mechanisms underlying these relationships, this study adopts a technology adoption theoretical perspective, supported by empirical evidence from relevant prior studies.

Conceptually, digital financial literacy is positioned as an internal factor reflecting MSME actors' ability to understand and utilize digital financial services, while government support is regarded as an external factor that creates a conducive environment for technology adoption. Digital payment adoption in this study functions as a mechanism that mediates the influence of these two factors on MSME financial performance. Accordingly, this study examines not only the direct effects among the variables but also the mediating role of digital payment adoption in explaining these relationships in a more comprehensive manner. The relationships among the variables examined in this study are summarized in a conceptual framework that illustrates the direction of the effects of digital financial literacy and government support on financial performance, both directly and indirectly through digital payment adoption as a mediating variable.

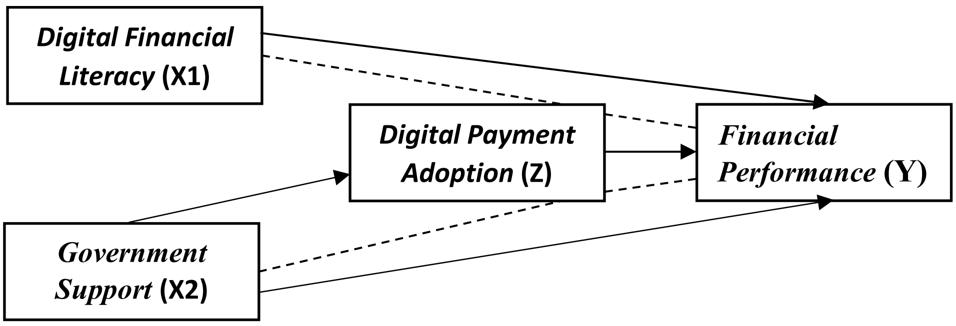

Figure 1. Research Conceptual Framework

This conceptual framework serves as the basis for the development of the research hypotheses, which are formulated based on relevant theoretical foundations and findings from prior studies, as discussed in the following section:

Technology Acceptance Model (TAM) as a Theoretical Foundation

This study employs the Technology Acceptance Model (TAM) as the primary theoretical framework to explain digital technology adoption behavior among MSME actors. TAM emphasizes that an individual's decision to accept and use technology is influenced by two key perceptions: perceived usefulness and perceived ease of use (Davis, 1989). This model is considered highly relevant for explaining the adoption of digital financial technologies, including digital payments, as it highlights users' cognitive processes in evaluating the benefits and ease of a system prior to actual use (Febriyanto et al., 2024; Bhattarai et al., 2023). In the context of retail-sector MSMEs, TAM helps explain how internal factors such as digital financial literacy and external factors such as government support influence business owners' decisions to adopt digital payments, as well as how such adoption subsequently affects firms' financial performance.

Digital Financial Literacy and Digital Payment Adoption

Digital financial literacy reflects business actors' ability to understand, evaluate, and effectively use digital financial services, including digital payments (Al-Shami et al., 2024; Hoque et al., 2025). A high level of digital financial literacy enables MSME actors to comprehend the benefits, ease of use, and risks associated with digital payment technologies, thereby enhancing perceived usefulness and perceived ease of use as described in the TAM.

Previous studies have shown that digital financial literacy positively influences digital payment adoption. Sholihah et al. (2023) found that digital literacy has a significant effect on digital financial services adoption. Similar findings were reported by Sari and Sari (2025) and Hidayat et al. (2025), indicating that MSME actors with higher levels of digital financial literacy tend to adopt digital payment systems more quickly and consistently. Based on this discussion, the following hypothesis is proposed:

H1: Digital financial literacy has a positive and significant effect on digital payment adoption."

Government Support and Digital Payment Adoption

Government support plays a crucial role in creating a conducive environment for digital technology adoption by MSMEs. This support includes the provision of digital infrastructure, supportive policies, training programs, and assurances of digital payment system security (Aji et al., 2020; Febriyanto et al., 2024). From the TAM perspective, government support can enhance perceived ease of use and perceived usefulness of digital payment technologies, thereby encouraging MSME actors to adopt them.

Previous studies have indicated that government support positively affects digital payment adoption. Sholihah et al. (2023) and Desmaryani et al. (2024) found that government support significantly facilitates the adoption of digital financial services by MSMEs. These findings highlight the importance of the government's role as both facilitator and regulator in accelerating MSME digitalization. Based on this discussion, the following hypothesis is proposed:

H2: Government support has a positive and significant effect on digital payment adoption.

Digital Payment Adoption and Financial Performance

The adoption of digital payments enables MSME actors to increase transaction efficiency, accelerate cash flow, and improve the accuracy of financial record-keeping. These improvements positively impact business financial performance, including increased sales, profits, and operational efficiency (Tarantang et al., 2019; Hana & Kusumawati, 2024). Previous studies have shown that the use of digital payments, including QRIS and e-wallets, positively affects MSMEs' financial performance. Sari and Sari (2025) and Verma et al. (2024) found that digital payment adoption contributes to improved financial performance and business growth. Based on these findings, the following hypothesis is proposed:

H3: Digital payment adoption has a positive and significant effect on financial performance.

Digital Financial Literacy and Financial Performance

Digital financial literacy not only plays a role in promoting technology adoption but also directly affects MSME actors' ability to manage business finances. A strong understanding of digital finance enables business owners to manage cash, investments, and transactions more effectively, thereby enhancing financial performance (Galimba et al., 2024; Tandilino et al., 2025).

Most previous studies have shown that digital financial literacy has a positive and significant effect on MSMEs' financial performance (Sari & Sari, 2025; Kusumawardhani et al., 2023). Although some studies report insignificant results (Bhattarai et al., 2023; Sholihah et al., 2023), the majority of empirical evidence supports the importance of digital financial literacy in improving financial performance. Based on this discussion, the following hypothesis is proposed:

H4: Digital financial literacy has a positive and significant effect on financial performance.

Government Support and Financial Performance

Government support not only encourages technology adoption but also directly impacts MSMEs' financial performance by enhancing business capacity, operational efficiency, and market access (Abu et al., 2025; Desmaryani et al., 2024). Training programs, subsidies, and policies that support business digitalization help MSMEs improve competitiveness and ensure business sustainability. Various studies indicate that government support positively affects MSMEs' financial performance (Sholihah et al., 2023; Tandilino et al., 2025). Based on this discussion, the following hypothesis is proposed:

H5: Government support has a positive and significant effect on financial performance.

The Mediating Role of Digital Payment Adoption

Digital payment adoption has the potential to serve as a mechanism mediating the effects of digital financial literacy and government support on financial performance. Digital financial literacy enables MSME actors to optimally utilize digital payment technologies, ultimately enhancing operational efficiency and financial performance. Several studies have found that digital payment adoption, or digital financial services adoption, acts as a mediating variable in these relationships (Sholihah et al., 2023; Sari & Sari, 2025; Tandilino et al., 2025). Based on this empirical evidence, the following hypothesis is proposed:

H6: Digital payment adoption mediates the effect of digital financial literacy on financial performance."

Furthermore, government support may also influence financial performance through increased digital payment adoption. The government plays a role in building a digital ecosystem that enables MSMEs to effectively utilize digital payment technologies (Febriyanto et al., 2024). However, previous studies report mixed findings regarding the strength of this mediating effect, making further investigation in the context of retail-sector MSMEs in Padang City relevant. Therefore, the following hypothesis is proposed:

H7: Digital payment adoption mediates the effect of government support on financial performance.

RESEARCH METHOD

This study is a quantitative research with an explanatory design, aiming to examine the effects of digital financial literacy and government support on the financial performance of retail-sector MSMEs in Padang City, both directly and indirectly through digital payment adoption as a mediating variable (Sugiyono, 2017). Data were collected using a survey method through a structured questionnaire. The population of this study consisted of retail-sector MSME actors in Padang City who have adopted digital payments, with the sample determined using a purposive sampling technique. Respondents were selected based on the following criteria:

1. Retail-sector MSME actors in Padang City
2. Have adopted digital payments, namely e-wallets and QRIS.

Data analysis was conducted using Structural Equation Modeling – Partial Least Squares (SEM-PLS), as this method is suitable for testing causal relationships among latent variables and can be applied to relatively small sample sizes (Hair et al., 2017). Model evaluation was performed through measurement model testing to ensure construct validity and reliability, as well as structural model testing to examine the research hypotheses.This study involves four main variables: digital financial literacy (X1), government support (X2), digital payment adoption (Z), and financial performance (Y).

RESULTS AND DISCUSSION

RESULTS

This section presents the results of the research model testing, which aims to examine the effects of digital financial literacy and government support on the financial performance of retail-sector MSMEs in Padang City, both directly and indirectly through digital payment adoption as a mediating variable. The analysis was conducted using the Structural Equation Modeling – Partial Least Squares (SEM-PLS) approach, which allows the simultaneous testing of relationships among variables.

Descriptive Analysis

This analysis provides an overview of the research data and the characteristics of respondents prior to model testing. The research data were obtained from retail-sector MSME actors in Padang City, who served as the units of observation in this study. Data collection was conducted through the distribution of online questionnaires via Google Forms to 100 respondents over a specified period. The questionnaire contained items related to digital financial literacy, government support, digital payment adoption, and financial performance, measured using a five-point Likert scale. All collected data were subsequently processed using SmartPLS version 4.0.

The response rate indicated that the majority of distributed questionnaires were returned and deemed suitable for further analysis. This suggests that respondents were highly engaged in the data collection process, ensuring that the data used in subsequent analyses adequately represent the condition of retail-sector MSMEs in Padang City.

Table 4. Respondent Response Rate

Description	Responden
Questionnaires Distributed	100
Questionnaires Returned	100
Questionnaires Completed and Usable	100
Questionnaire Response Rate	**100%**

Source: Primary Data Processing, 2025

The respondents of this study were retail-sector MSME actors in Padang City who had adopted digital payments, namely e-wallets and QRIS. Respondents were categorized based on several characteristics, including gender, age, marital status, education level, type of business, position within the business, business age, daily turnover, and the payment facilities utilized by the respondents

Measurement Model Assessment

Measurement Model (Outer Model)

The measurement model was evaluated to ensure that the indicators used were able to measure the research constructs both validly and reliably. Convergent validity testing indicated that all indicators had outer loading values above the required minimum threshold, demonstrating that the indicators are valid in measuring their respective constructs. The results of this analysis are presented in the following output:

Uji Validitas
Convergent Validity

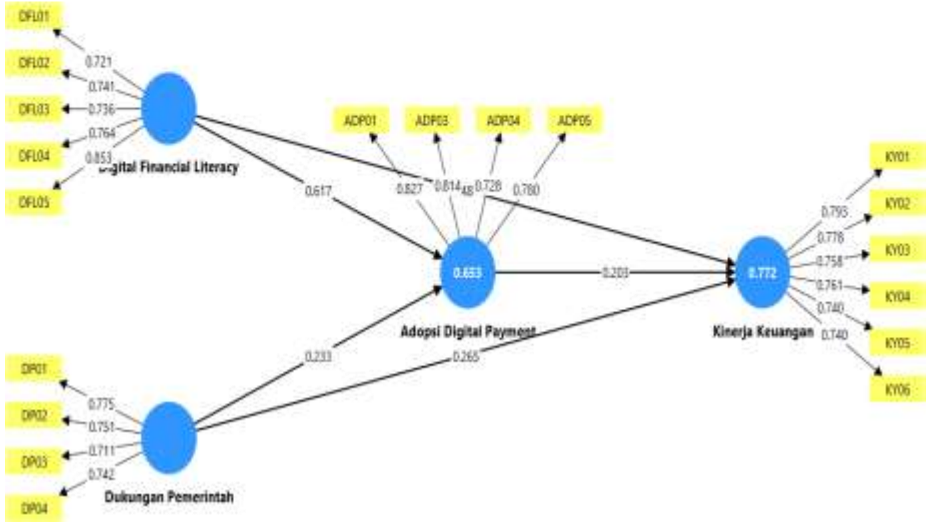

Figure 2. Outer Model Results

Based on the data presented in the figure above, all indicators meet the required threshold of outer loading > 0.70. Therefore, it can be concluded that all indicators are valid.

***Average Variance Extracted* (AVE)**

The second criterion for assessing convergent validity is the Average Variance Extracted (AVE), with the required threshold being > 0.50. If any variable has an AVE value < 0.50, the corresponding indicators need to be removed and the variable re-tested. The AVE values for each variable after the first re-test are presented below.

Table 5. Average Variance Extracted (AVE) Results

Variabel	AVE Value	Description
Digital Financial Literacy	0,584	Valid
Government support	0,555	Valid
Digital payment adoption	0,622	Valid
Financial Performance	0,581	Valid

Source: Primary Data Processing, 2025

Based on Table 4.16 above, the AVE values for each research variable were obtained. The information in the table indicates that all indicators have outer loading values > 0.70 and AVE values > 0.50. Therefore, it can be concluded that all research variables meet the criteria for convergent validity.

Discriminant Validity
Cross Loading

The evaluation of the measurement model in this study was conducted through cross-loading analysis, which involves comparing the loading of each indicator on its intended construct with its loadings on other constructs. The results of the cross-loading test are presented as follows:

Table 6. Cross-Loading Analysis Results

	Digital Financial Literacy	Government support	Digital payment adoption	Financial Performance
DFL01	**0,721**	0,592	0,572	0,626
DFL02	**0,741**	0,546	0,607	0,584
DFL03	**0,736**	0,555	0,554	0,629
DFL04	**0,764**	0,551	0,592	0,652
DFL05	**0,853**	0,649	0,699	0,734
DP01	0,556	**0,775**	0,542	0,570

DP02	0,490	**0,751**	0,437	0,542
DP03	0,626	**0,711**	0,577	0,639
DP04	0,570	**0,742**	0,514	0,539
ADP01	0,724	0,609	**0,827**	0,648
ADP03	0,629	0,569	**0,814**	0,618
ADP04	0,504	0,453	**0,728**	0,575
ADP05	0,628	0,566	**0,780**	0,594
KY01	0,701	0,641	0,613	**0,793**
KY02	0,640	0,597	0,542	**0,778**
KY03	0,595	0,562	0,598	**0,758**
KY04	0,598	0,498	0,567	**0,761**
KY05	0,614	0,655	0,591	**0,740**
KY06	0,706	0,574	0,616	**0,740**

Source: Primary Data Processing, 2025

Based on the results presented in the table, all indicators meet the cross-loading criteria. Therefore, it can be concluded that discriminant validity based on cross-loading has been satisfied, allowing the analysis to proceed to the next stage.

Fornell Larcker Criterion

Table 7. Fornell-Larcker Analysis Results

Konstruk	Digital Financial Literacy	Government support	Digital payment adoption	Financial Performance
Digital Financial Literacy	**0,846**			
Government support	0,758	**0,774**		
Digital payment adoption	0,788	0,701	**0,794**	
Financial Performance	0,764	0,745	0,762	**0,773**

Source: Primary Data Processing, 2025

Based on the Fornell-Larcker criterion test results, each variable, comprising digital financial literacy, government support, digital payment adoption, and financial performance exceeds the correlations with other constructs and meets the required threshold of > 0.50. This indicates that each construct adequately explains the variance of its indicators and demonstrates clear differentiation from other constructs in the research model. Therefore, all variables are considered to have established discriminant validity.

Uji Realibilitas
Cronbach's Alpha dan Composite Reliability

According to Sekaran & Bougie (2016), reliability measurement indicates the stability and consistency of an instrument and serves to assess the extent to which the instrument can measure accurately. Reliability testing is conducted using two approaches: first, by evaluating the composite reliability of the indicators forming each construct, and second, by examining the Cronbach's Alpha value. In general, the standards applied are Cronbach's Alpha > 0.60 and composite reliability > 0.70.

Table 8. Cronbach's Alpha and Composite Reliability Analysis Results

Variabel	*Cronbach's Alpha*	*Composite Reliability*
Digital Financial Literacy	0,821	0,875
Government support	0,733	0,833
Digital payment adoption	0,797	0,868
Financial Performance	0,856	0,893

Source: Primary Data Processing, 2025

Based on the reliability test results above, it can be observed that the Cronbach's Alpha and composite reliability values for each variable meet the established standards. The Cronbach's Alpha values for all variables exceed 0.60, and the composite reliability values are above 0.70. Therefore, it can be concluded that all research instruments satisfy the reliability criteria and are considered reliable.

Model Structural (Inner Model)

After the measurement model was confirmed to be adequate, the next step was the evaluation of the structural model (inner model). In this study, the inner model was assessed through the analysis of the coefficient of determination (R^2) to evaluate the ability of the independent variables to explain the dependent variable.

Uji Model (R-Square)

Tabel 9. R-Square Analysis Result

Variabel	R^2	Description
Digital payment adoption	0,653	Model Kuat
Financial Performance	0,772	Model Kuat

Source: Primary Data Processing, 2025

Based on the table above, the coefficient of determination (R^2) indicates that digital payment adoption has an R^2 of 0.653, or 65.3%, meaning that digital financial literacy and government support account for 65.3% of the variance in digital payment adoption, while the remaining 34.7% is influenced by other variables outside the research model. Meanwhile, the financial performance variable has an R^2 of 0.772, or 77.2%, indicating that digital financial literacy, government support, and digital payment adoption explain 77.2% of the variance in financial performance, whereas the remaining 22.8% is influenced by factors outside the study. Overall, the effects of the variables in the model on digital payment adoption and financial performance are considered strong.

The overall results of the structural model test can be seen in the following figure:

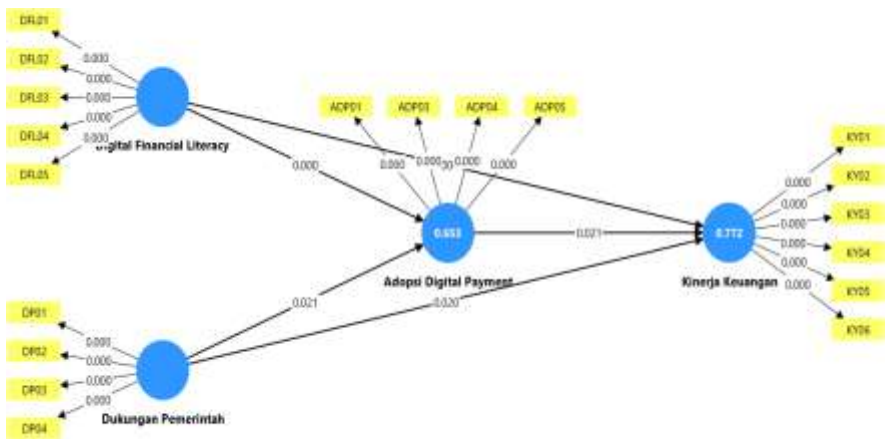

Figure 3. Inner Model Test Results

Direct Effect Hypothesis Testing Analysis

Hypothesis testing in SmartPLS is based on T-statistic values, as this approach does not assume data normality or distribution. Therefore, SmartPLS employs a nonparametric test to determine the significance level of the path coefficients. The T-statistic values obtained through the bootstrapping process are used to assess whether the proposed hypotheses can be accepted. A hypothesis is considered supported if the T-statistic ≥ 1.96 or the P-value ≤ 0.05 (Ghozali & Latan, 2015).

Table 10. Direct Effect Hypothesis Test Results

Variabel	***Original Sample* (O)**	**T-*Statistic***	**P-*Value***	**Description**
DFL → ADP	0,617	5,293	0,000	H1 Accepted
DP → ADP	0,233	2,313	0,021	H2 Accepted
ADP → KK	0,203	2,311	0,021	H3 Accepted
DFL → KK	0,484	4,496	0,000	H4 Accepted
DP → KK	0,265	2,327	0,020	H5 Accepted

Source: Primary Data Processing, 2025

Based on Table above, the results of the hypothesis testing indicate that digital financial literacy has a positive and significant effect on digital payment adoption, with an original sample (O) value of 0.617, indicating a positive effect. The T-statistic is 5.293 (≥ 1.96) and the P-value is 0.000 (≤ 0.05), showing that this effect is statistically significant. This suggests that the higher the level of digital financial literacy among retail-sector MSME actors in Padang City, the higher the level of digital payment adoption in their business activities. Therefore, H1 is accepted.

Furthermore, the results show that government support has a positive and significant effect on digital payment adoption, with an original sample (O) value of 0.233, indicating a positive effect. The T-statistic is 2.313 (≥ 1.96) and the P-value is 0.021 (≤ 0.05), confirming the significance of this effect. This implies that greater government support through training, regulation, and digital infrastructure enhances digital payment adoption among MSME actors, particularly in the retail sector in Padang City. Hence, H2 is accepted.

The analysis also indicates that digital payment adoption has a positive and significant effect on financial performance, with an original sample (O) value of 0.203, reflecting a positive effect. The T-statistic is 2.311 (≥ 1.96) and the P-value is 0.021 (≤ 0.05), demonstrating statistical significance. This means that the use of digital payment can improve transaction efficiency, financial record accuracy, and increase sales volume and profits, particularly for retail-sector MSMEs in Padang City. Thus, H3 is accepted.

The hypothesis testing further shows that digital financial literacy has a positive and significant effect on financial performance, with an original sample (O) value of 0.484, indicating a positive effect. The T-statistic is 4.496 (≥ 1.96) and the P-value is 0.000 (≤ 0.05), confirming significance. This suggests that the knowledge and ability of business actors to manage digital finances directly contribute to the improvement of financial performance, particularly for retail-sector MSMEs in Padang City. Therefore, H4 is accepted.

Finally, the results indicate that government support has a positive and significant effect on financial performance, with an original sample (O) value of 0.265, showing a positive effect. The T-statistic is 2.327 (≥ 1.96) and the P-value is 0.020 (≤ 0.05), indicating statistical significance. This demonstrates that the role of the government in providing training, mentoring, and digital infrastructure or facilities can enhance the financial performance of retail-sector MSMEs in Padang City. Hence, H5 is accepted.

Mediation Effect Hypothesis Analysis

The mediation effect in SmartPLS analysis is tested by examining the indirect effect using the bootstrapping procedure. A variable is considered to mediate the relationship between the exogenous and endogenous variables if the T-statistic for the indirect path is ≥ 1.96 and the P-value ≤ 0.05.

Table 11. Indirect Effect Test Results

Variabel	***Original Sample* (O)**	**T-*Statistic***	**P-*Value***	**Description**
DFL → ADP → KK	0,125	2,161	0,031	H6 Accepted
DP → ADP → KK	0,047	1,555	0,120	H7 Rejected

Source: Primary Data Processing, 2025

Based on the table above, it is evident that digital payment adoption significantly mediates the effect of digital financial literacy on financial performance, with an original sample (O) value of 0.125, a T-statistic of 2.161 ($\geq$ 1.96), and a P-value of 0.031 ($\leq$ 0.05), thus H6 is accepted. Conversely, digital payment adoption does not mediate the effect of government support on financial performance, as indicated by an original sample (O) value of 0.047, a T-statistic of 1.555 ($\leq$ 1.96), and a P-value of 0.120 ($\geq$ 0.05), hence H7 is rejected.

DISCUSSION

Based on the obtained statistical test results, the effects of each variable were analyzed, and the outcomes of the research hypothesis testing are described as follows:

Table 12. Summary of Hypothesis Test Results

Hypothesis	Description
H1: Digital financial literacy has a positive and significant effect on digital payment adoption	Accepted
H2: Government support has a positive and significant effect on digital payment adoption	Accepted
H3: Digital payment adoption has a positive and significant effect on financial performance	Accepted
H4: Digital financial literacy has a positive and significant effect on financial performance	Accepted
H5: Government support has a positive and significant effect on financial performance	Accepted
H6: Digital payment adoption mediates the effect of digital financial literacy on financial performance	Accepted
H7: Digital payment adoption mediates the effect of government support on financial performance	Rejected

Source: Primary Data Processing, 2025

The findings of this study indicate that digital financial literacy and government support are key factors influencing digital payment adoption and the financial performance of retail-sector MSMEs in Padang City. These results affirm that the improvement of MSMEs' financial performance is not solely determined by internal business factors, but also by the business actors' ability to understand digital finance and the external support that creates a conducive business environment.

The positive effect of digital financial literacy on digital payment adoption suggests that MSME actors with a strong understanding of digital finance are better prepared and more confident in utilizing digital payment technologies. Awareness of the benefits, ease of use, and risks associated with digital payment fosters a positive perception that drives actual adoption decisions. In the context of retail-sector MSMEs, which have a high frequency of daily transactions, digital financial literacy serves as a crucial asset for enhancing transaction efficiency and business management.

Government support also plays a significant role in promoting digital payment adoption. The government, as a regulator and facilitator, provides policies, training, mentoring, infrastructure, and transaction security guarantees, thereby creating a sense of safety and trust for MSME actors in using digital payment technologies. These findings indicate that public policy interventions can reduce barriers to technology adoption, particularly for MSMEs.

Furthermore, digital payment adoption has been shown to contribute to improved financial performance of MSMEs. Digital payment not only functions as a transactional tool but also enhances operational efficiency, financial record accuracy, cash flow acceleration, and customer base expansion. Consequently, digital payment serves as a strategic instrument that supports the growth and sustainability of retail-sector MSMEs.

In addition to technology adoption, digital financial literacy and government support also exhibit direct effects on financial performance. Digital financial literacy enhances business actors' ability to manage finances, make more rational financial decisions, and optimally utilize digital financial services. Meanwhile, government support has a direct impact by increasing business capacity, facilitating financing, strengthening infrastructure, and creating a business climate that supports MSME development.

The role of digital payment adoption as a mediating variable is evident in the relationship between digital financial literacy and financial performance. This indicates that digital financial literacy not only has a direct effect but also operates through the enhanced use of digital payment technologies. Conversely, digital payment adoption does not mediate the relationship between government support and financial performance, suggesting that the influence of government support is more dominant through direct channels rather than solely via digital payment adoption.

Overall, this discussion underscores that improving the financial performance of retail-sector MSMEs in Padang City requires a synergy between strengthening internal capacities through digital financial literacy and enhancing the government's role in creating a supportive digital ecosystem. The combination of these two aspects provides a critical foundation for accelerating digitalization and strengthening the competitiveness of MSMEs in the digital economy era.

CONCLUSION

This study demonstrates that the financial performance of retail-sector MSMEs in Padang City is significantly influenced by digital financial literacy, government support, and digital payment adoption. Digital financial literacy and government support were found to enhance digital payment adoption, which in turn contributes to improvements in MSMEs' financial performance. Moreover, both factors also exert a direct effect on financial performance, indicating that strengthening business actors' capacities and providing a supportive policy environment are complementary in enhancing outcomes. The findings confirm that digital payment adoption serves as an important mechanism mediating the effect of digital financial literacy on financial performance; however, it does not strengthen the influence of government support. Therefore, improving the financial performance of MSMEs depends not only on the adoption of digital payment technologies but also on enhancing digital financial literacy and sustained government support in creating a conducive and competitive business ecosystem.

REFERENCE

Abu, N., da Silva, F. P., & Vieira, P. R. (2025). Government Support for SMEs in the Fintech Era: Enhancing Access to Finance, Survival, and Performance. *Digital Business Journal*. Universidade de Lisboa, Portugal. https://doi.org/10.1016/j.digbus.2024.100099.

Aji, H. M., Berakon, I., & Md Husin, M. (2020). COVID-19 and E-Wallet Usage Intention: A Multigroup Analysis Between Indonesia and Malaysia. *Cogent Business&Management*,7(1),1804181.https://doi.org/10.1080/23311975.2020.1804181.

Alfathi, B. R. (2025). Penggunaan QRIS terus meningkat, nominal transaksi capai Rp659 triliun. GoodStats Data. https://data.goodstats.id/statistic/penggunaan -qris-terus-meningkat-nominal-transaksi-capai-rp659-triliun-cc2r8.

Al-Shami, S. A., Damayanti, R., Adil, H., & Farhi, F. (2024). Financial and digital financial literacy through social media use towards financial inclusion among batik small enterprises in Indonesia. *Heliyon, 10(15), e34902*. https://doi.org/10.1016/j.heliyon.2024.e34902.

Asisa, W., Aulia, P., Dalianti, N., & Handa, Y. R. (2022). Pengaruh Pemahaman Literasi Keuangan dan Kemudahan Digital Payment terhadap Kinerja UMKM di Kota Makassar. *Jurnal DinamikA*, 3(1). Universitas Negeri Makassar. https://jurnal.iainsalatiga.ac.id.

Asosiasi Sistem Pembayaran Indonesia (ASPI). (2024). Statistik Uang Elektronik Indonesia 2025. https://aspi-indonesia.or.id/berita-info-statistik-uang-elektronik.

Bank Indonesia. (2025). Sistem Pembayaran & Pengelolaan Uang Rupiah. https://www.bi.go.id/id/fungsi-utama/sistem-pembayaran/default.aspx.

Bhattarai, B., Aryal, B., & Paudel, U. (2023). *Effectiveness of Digital Payments in The Performance of Nepalese Micro, Small and Medium Enterprises (MSME)*. New Perspective: Journal of Business and Economics, *4*(1), 32-46. https://doi.org/10.3126/npjbe.v4i1.58868.

Davis, F. D. (1989). Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology. *MIS Quarterly*, *13*(3), 319. https://doi.org/10.2307/249008.
Desmaryani, S., Soleh, A., Irmanelly, & Wiarta, I. (2024). Integration of Technology Acceptance Models and Government Support to Improve Digital Literacy. *Journal of Heliyon*. Universitas Muhammadiyah Jambi. https://doi.org/10.1016/j.heliyon.2024.e34086.
Febriyanto, A., Saputro, E. P., & Setyaningrum, D. P. (2024). Intensi Penggunaan Digital Payment pada UMKM: Analisis Multigroup High and Low Trust. *Jurnal Persaingan Usaha, 4*(2). UIN Sunan Kalijaga Yogyakarta & Universitas Muhammadiyah Surakarta. https://www.researchgate.net.
Feriyanto, O., Qur'anisa, Z., Herawati, M., Lisvi, & Putri, M. H. (2024). Peran Fintech dalam Meningkatkan Akses Keuangan di Era Digital. *GEMILANG: Jurnal Manajemen dan Akuntansi, 4*(3), 99-114. Universitas Teknologi Digital. e-ISSN: 2962-3987. https://doi.org/10.56910/gemilang.v4i3.1573.
Fernandes, R., & Saibi, S. E. A. (2025). Pemko Padang Perkuat Digitalisasi untuk Pengembangan 45.000 UMKM. Posmetro Padang. https://posmetropadang.co.id.
Galimba, M. H., Gulle, E. A., Jao-Jao, J. E., Labitad, K. D., & Lee, R. K. (2024). The Correlation of Quick Response Payments and Digital Financial Literacy on The Performance of Small and Medium Enterprises. ResearchGate. https://doi.org/10.13140/RG.2.2.33930.27847.
Ghozali, I., & Latan, H. (2015). Partial Least Squares: Konsep, Teknik, dan Aplikasi Menggunakan SmartPLS 3.0. (2nd ed.). Badan Penerbit Universitas Diponegoro.
Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM). *SAGE*, 165.
Hana, C., & Kusumawati, Y. (2024). Analisis Pengaruh Penggunaan QRIS terhadap Peningkatan Pendapatan UMKM di Kota Kediri. Ekuvalensi, 10(2). Universitas Kahuripan Kediri. https://ejournal.kahuripan.ac.id.
Hoque, M. A., Mahmood, R., Ali, R., Rosli, N. S., & Hossain, M. M. (2024). Determinants of mobile apps adoption in SMEs of Bangladesh: The role of digital financial literacy. *Finance & Economics Review*, 7(1), 1–15. https://doi.org/10.38157/fer.v7i1.731.
Lintang, I. (2024). 10 Aplikasi E-Wallet Terpopuler Di Indonesia. www.inilah.com.
Mujahed, H. M. H., Ahmed, E. M., & Samikon, S. A. (2024). Palestinian Small and Medium Enterprises Digital Technology Adoption Intention. *Journal of Open Innovation: Technology, Market, and Complexity*, *10*(4), *Article* 100426. https://doi.org/10.1016/j.joitmc.2024.100426.
Namira, L. (2022). Faktor-Faktor Yang Mempengaruhi Niat UMKM di Kota Padang Menggunakan E-Payment Sebagai Metode Pembayaran. *Owner: Riset & Jurnal Akuntansi, 6*(1), 99-114. Universitas Andalas. e-ISSN: 2548-9224. https://doi.org/10.33395/owner.v6i1.55.
Rani, G. M., & Desiyanti, R. (2024). Pengaruh Literasi Keuangan, Inklusi Keuangan, dan Digital Payment Terhadap Kinerja UMKM Makanan & Minuman di Kota Padang. EKOMABIS: *Jurnal Ekonomi Manajemen Bisnis,* 5(2). Universitas Bung Hatta. https://doi.org/10.37366/ekomabis.v5i02.1403.
Sari, P. B., & Sari, M. M. (2025). Pengaruh literasi keuangan digital terhadap adopsi digital payment dan dampaknya pada kinerja keuangan UMKM. *Journal of Management, Economic, and Accounting*, 4(2). https://doi.org/10.37676/jmea.v4i2.1148.
Sholihah, E., Nurhapsari, R., & Rohmania, A. S. (2023). The role of literacy and government support in improving MSME performance through digital financial services adoption and financial inclusion. *Jurnal Keuangan dan Perbankan*, 27(3), 424–436. https://doi.org/10.26905/jkdp.v27i3.11147.
Sugiyono. (2017). Metode Penelitian Kuantitatif, Kualitatif dan R&D. CV Alfabeta.
Supriyanto, B. E. (2024). Mendorong Pertumbuhan Ekonomi Lewat Kur dan Insentif UMKM. Kementerian Keuangan Republik Indonesia. https://www.kemenkeu.go.id.
Tandilino, C., Pontoh, G. T., Darmawati, D., & Indrijawati, A. (2025). Digital financial inclusion as a mediator of digital financial literacy and government support in MSME performance. *International Journal of Financial Studies*, 13(4), 199. https://doi.org/10.3390/ijfs13040199.
Tarantang, J., Awwaliyah, A., Astuti, M., & Munawaroh, M. (2019). Perkembangan Sistem Pembayaran Digital pada Era Revolusi Industri 4.0 di Indonesia. *JURNAL AL-QARDH*, *4*(1). https://doi.org/10.23971/jaq.v4i1.1442.
Verma, A., Das, K. C., & Misra, P. (2024). Digital finance and MSME performance in India: Evidence from World Bank Enterprise Survey data. *Journal of Economic Studies*, 52(5), 887-903. https://doi.org/10.1108/JES-12-2023-0744.
Wijaya, L. I., Zunairoh, Z., Izharuddin, M., & Rianawati, A. (2025). Scope of E-Commerce use, innovation capability, and performance: Food sector MSMEs in Indonesia. *Journal of Open Innovation: Technology, Market, and Complexity, 11*(1), 100459. https://doi.org/10.1016/j.joitmc.2024.100459.