



Research Paper

Determination of Sustainability of MSMEs in Bandar Lampung City: The Role of Financial Literacy and Digital Payment

Aisyah Putri Adha¹, Ersi Sisdianto², Okta Supriyaningsih³
Universitas Islam Negeri Raden Intan Lampung, Indonesia
Email Corresponding author : aisyahputriadha@gmail.com

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ABSTRAK

Micro, Small, and Medium Enterprises (MSMEs) play an important role in the national economy, it is important to verify the extent to which Financial Literacy and the use of Digital Payments can promote the Sustainability of Micro, Small and Medium Enterprises in an increasingly competitive business environment. This study aims to analyze the influence of the two main variables Financial Literacy and Digital Payment on the Sustainability of Micro, Small and Medium Enterprises. Quantitative approach and Field research method with a target of 100 samples of micro, small and medium enterprises were randomly selected using the Simple Random Sampling method. Data analysis was carried out using SmartPLS to measure the magnitude of the influence of each variable on business sustainability. The results of the study show that Financial Literacy and Digital Payment have a significant positive influence ($p: 0.003, 0.000$) on the sustainability of MSMEs, with medium to large effects ($F^2: 0.210, 0.288$). This research model can explain the 55.5% variation in the sustainability of small and medium-sized enterprises (adjusted $R^2 = 0.555$). These results prove that increasing Financial Literacy and expanding the use of Digital Payment are the main factors that support the sustainability of micro, small and medium enterprises in the Bandar Lampung area.

INTRODUCTION

In the midst of fierce competition, MSMEs need to optimize their understanding of how to adapt to market needs, and design innovations that can provide insights into relevant financing strategies to support their sustainability and growth in the modern era. Therefore, further research on the factors that affect the success of MSMEs. (First et al., 2023) As MSMEs adapt to this digital transformation, they face the need to adopt new technologies and the pressure to stay competitive in a rapidly evolving landscape. This reflects the dual nature of digitalization as an opportunity and challenge for the sustainability of MSMEs. Based on data from the Ministry of Cooperatives and SMEs (2023), MSMEs account for around 99% of the total business units in Indonesia and contribute 61% to the gross domestic product (GDP) or equivalent to IDR 9,580 trillion. MSMEs absorb about 97% of the national workforce, making them a very strategic sector in reducing unemployment and improving people's welfare. Despite having a significant role, MSMEs face great challenges in adapting to dynamic market changes, especially in the ever-evolving digital era. Recent trends show that 98% of MSMEs have started accepting digital payments, while 59% are leveraging digital lending solutions, reflecting an increase in financial inclusion. (Muttaqin et al., 2023) According to Law of the Republic of Indonesia Number 7 of 2021 concerning Micro, Small, and Medium Enterprises, MSMEs are productive businesses owned by individuals and/or business entities. Micro, Small and Medium Enterprises are grouped based on the criteria of business capital and annual sales results.

There is one problem that often occurs in MSMEs where, although the number of MSME actors in Indonesia continues to increase, the fact is that not a few of them stop operating before even five years. Attractive products do not necessarily guarantee business sustainability. According to data from the Ministry of Cooperatives and SMEs, more than 60 percent of MSMEs in Indonesia are unable to survive in the long term. Many think that the cause is a lack of capital or marketing strategy, when there are other factors that are no less important, namely inefficient production processes and financial management. Cases like this are not uncommon. When businesses began to develop, many MSME actors were not ready in terms of infrastructure, literacy and work systems. A production process that is still completely manual is often unable to keep up with the surge in demand. As a result, quality declines and customers turn to competitors. (Jaya, Agung, 2025). In light of the appropriateness of your manuscript for our journal, your manuscript has been denied publication in Management Research Review.

According to Wernerfelt, *Resource Based View* (RBV) is the foundation for creating a competitive advantage, which focuses on the ownership and management of the company's internal resources, both physical and non-physical. This theory

emphasizes that sustainable competitive advantage can be achieved when companies are able to leverage resources that are unique and difficult for competitors to replicate. By managing these resources effectively, companies can create uniqueness that is a barrier for competitors to compete with the company's performance and position in the market.(Wernerfelt, 2020) With the state of MSMEs in the current digital era, the ability to be financially literate, access to financial services (*Financial inclusion*), creativity, and the use of digital payment systems can be categorized as strategic resources. These four factors contribute significantly to strengthening competitiveness and maintaining business sustainability amid market dynamics and rapid technological developments. (Elya Dasuki, 2021) It revealed that MSME actors who have access and feel able to utilize financial services tend to be more confident in maintaining and developing their businesses. Financial inclusion expands the resources available, thus supporting sustainable behaviors.

Table 1.Number of MSMEs by sub-district in the city of Bandar Lampung

Yes	Districts	Micro Enterprises	Small Business	Medium Business
1.	West Betung Bay	1562	654	220
2.	East Betung Bay	1405	788	301
3.	South Betung Bay	1743	798	236
4.	Bumi Sanas	1930	686	271
5.	Length	2125	917	268
6.	East Cape Coral	1713	712	246
7.	Peace	1857	732	287
8.	North Betung Bay	2043	636	291
9.	Tanjung Karang Pusat	3167	893	342
10.	Quick	1672	945	240
11.	Tanjung Karang Barat	1656	794	241
12.	Kemiling	2837	856	232
13.	Langkapura	1465	721	261
14.	Kedaton	1913	845	309
15.	Squirrelly	1709	714	270
16.	Tanjung Senang	1487	789	326
17.	Labuhan Ratu	2121	826	257
18.	Squirrelly	1860	915	267
19.	São Paulo	1514	676	316

Source: Lampung Province Cooperatives and MSMEs Office 2026

Based on *Theory of Planned Behavior* (SDG), a person's behavior is influenced by the intention to act, which is formed from three main elements, namely: Attitude

towards behavior (the extent to which individuals view the behavior positively or negatively), subjective norms (social influences or the surrounding environment), and perception of behavior control (an individual's belief in his or her ability to carry out the behavior). (Icek, 2020) In the context of MSMEs in Bandar Lampung City, TPB is the right theoretical framework to understand the reasons for business actors in making strategic decisions, such as implementing financial literacy, accessing formal financial services, innovating, and adopting digital payment systems. (Asisa et al., 2022). In research (Kussujaniatun & Siti Hartati, 2022) reveals that *Financial Literacy* weak can hinder the development of MSMEs and reduce their ability to innovate. Then there are still many MSMEs that have not fully utilized *Digital Payment*, although evidence suggests that digital utilization strategies can improve competitiveness and *Sustainability* effort.

Research (Septiani & Wuryani, 2020), showing that financial literacy has a positive impact on the business sustainability of MSMEs, contributing 26.9% to business sustainability. Well-informed entrepreneurs will be better able to manage their finances, make informed decisions, and take advantage of financial opportunities, including accessing finance and implementing effective financial strategies. These findings underscore the importance of improving MSME financial literacy, especially in the context of the use of digital marketing and payment systems such as QRIS, digital wallets, and *Mobile Banking* to adapt to technological developments and strengthen competitiveness in a sustainable manner. The data above shows that MSMEs in Bandar Lampung City have a large enough potential and existence to be empowered with a large number of various types of businesses. Although the city of Bandar Lampung experiences growth every year, there are still many limitations so that it requires more attention and support from the authorities so that the business carried out is more directed. On the *website* of the Lampung Provincial Cooperatives and MSMEs Office which will be accessed in 2025 with the latest data, there are 365,455 Micro, Small and Medium Business Actors in Bandar Lampung City. In 2023, micro businesses dominate the MSME sector in Lampung Province with a contribution of 99.5% (490,521), followed by small businesses (2,202) and medium enterprises (263).

In Research (Nurmalika Arifah & Sisdiyanto Ersi, 2025) said that the implementation of Sustainability practices can improve the reputation and competitiveness of MSMEs in the market. Today, consumers prefer brands that demonstrate social and environmental responsibility. By investing in environmentally friendly technology, MSMEs can reduce operational costs in the long run. Involvement in the local community can also strengthen business relationships and create customer loyalty. This shows that the adoption of digital payment system technology or *Digital Payment* In the current conditions, in addition

to facilitating transactions, MSME actors also indirectly participate in reducing paper production. Although previous research has underlined the important role of MSMEs as the main driver of national economic growth, research related to the simultaneous relationship between financial literacy and the use of *Digital Payment* on the Sustainability of MSMEs in the City of Bandar Lampung has not highlighted the low level of financial and digital literacy among local business actors, even though this issue is increasingly relevant with the rise of *Digital Payment*. Therefore, this research is here to assemble simultaneous understanding to empower MSMEs to be resilient in the midst of digital economy dynamics. Based on this issue, this research is focused on the analysis of the Determination of Sustainability of MSMEs in Bandar Lampung City: The Role of Financial Literacy and *Digital Payment*. The results of this research are expected to provide practical benefits for business actors and become a reference for policymakers in formulating more effective MSME development strategies.

METHODS

This study uses Quantitative research with the type of field research (Field Reserch). Quantitative research is used to analyze quantitative/statistical data with the aim of testing the hypothesis that has been established. Using data collection tools that generate numerical data.(Dahlan et al., 2023) In this study, calculating and analyzing with Statistical Analysis. In this study, the author uses Primary Data, Primary Data is data collected directly by researchers from primary sources through methods such as surveys, interviews, or observations. In this study, primary data can be in the form of answers from questionnaires filled out by related MSME actors *Financial Literacy, Financial Inclusion, creativity, and use Digital Payment*. Questionnaires are a way of collecting data that researchers do by compiling a list of questions that have been formulated. In this study, the distribution of questionnaires using media *Gfrom*, the researcher will distribute questionnaires to MSME actors in Bandar Lampung City. In this study, the researcher will use sampling techniques *Probability Sampling* by the *Simple Random Sampling*. The sample in this study is MSME Actors in the City of Bandar Lampung, where the selection of samples is useful to obtain the necessary information. The number of MSMEs in Bandar Lampung according to data from the Lampung Provincial Cooperatives and MSMEs Office that will be accessed in 2025 is recorded as 365,455 MSME actors. This study uses the *Partial Least Squares (PLS)*, which is part of the *Structural equation modeling (SEM)*. The analysis was carried out using SmartPLS software, which makes it easier

for researchers to interpret data and test hypotheses to determine the significance of the relationship between variables.

RESULTS AND DISCUSSION

Distribution of 100 Questionnaire Samples on MSME Actors in the city of Bandar Lampung with a total of 60 questions. With the characteristics described are Name, Gender, Age, Business Address, Length of Business Establishment, and Monthly Business Turnover.

Table 2. Respondents by Gender

No.	Gender	Quantity	Present(%)
1.	Women	77	77
2.	Male	23	23
Quantity		100	100

Of the 100 samples, 23 of them were men and 77 women. From this data, it can be seen that MSME actors are dominated by female gender with a *percentage* of 77%.

Table 2. Repondent by Age

No.	Age	Quantity	Presented%
1.	19-29	58	58
2.	30-39	23	23
3.	40-49	14	14
4.	>50	5	5
Quantity		100	100

Based on the predetermined interval, namely from the age of 19-29 as many as 58 respondents, 30-39 as many as 23 respondents, 40-49 as many as 14 respondents, and over 50 years old as 5 respondents. Then the business age with a predetermined interval is less than 1 year as many as 26 respondents, 1-5 years as many as 45 respondents, 6-10 years as many as 25 respondents and more than 10 years with 4 respondents.

Table 3. Respondents Based on Length of Business

No.	Business Age	Quantity	Presented%
1.	<1	26	26
2.	1-5	45	45
3.	6-10	25	25
4.	>10	4	4
Quantity		100	100

Table 4. Respondents by Turnover

Yes	Monthly turnover	Annual turnover	Total.	%
1.	<Rp. 5,000,000	<Rp.60,000,000	33	33
2.	IDR 5,000,000-10,000,000	Rp.60,000,000- Rp.300,000,000,0 0	32	32
3.	IDR 11,000,000-16,000,000	Rp.300,000,0000- Rp.1,000,000,000	29	29
4.	IDR 11,000,000-16,000,000	Rp.300,000,0000- Rp.1,000,000,000	29	29
5.	>Rp.17.000.0 00	>Rp.1.000.00.00 0.00	6	6
Quantity			100	100

The data produced showed a sales turnover of <5 million (33%, 5 million-10 million 32%, 11-16 million 29% and >17 million at 6%. From this data, it can be seen that the business income of MSMEs in the city of Bandar Lampung is dominated by a turnover of < 10 million per month. The research turnover can be seen from the table below

Table 5. Respondents Based on the Type of MSMEs

No.	Type of Business	Quantity	Presented%
1.	Food	76	76
2.	Retail	7	7
3.	Servicing	4	4
4.	Fashion	4	4
5.	etc.	9	9
Quantity		100	100

Based on Table 4.5 above, out of 100 respondents, MSME actors in Bandar Lampung City are dominated by food MSME actors with respondents as many as 76% of MSME actors. With 7% of respondents in Retail, 4% in service *services*, 4% *in Fashion* and others in 9% From the processing of Respondent Data, the results of the analysis to find out the Determination of Sustainability of MSMEs in the City of Bandar Lampung: The Role *of Financial Literacy and Digital Payment* were obtained as follows.

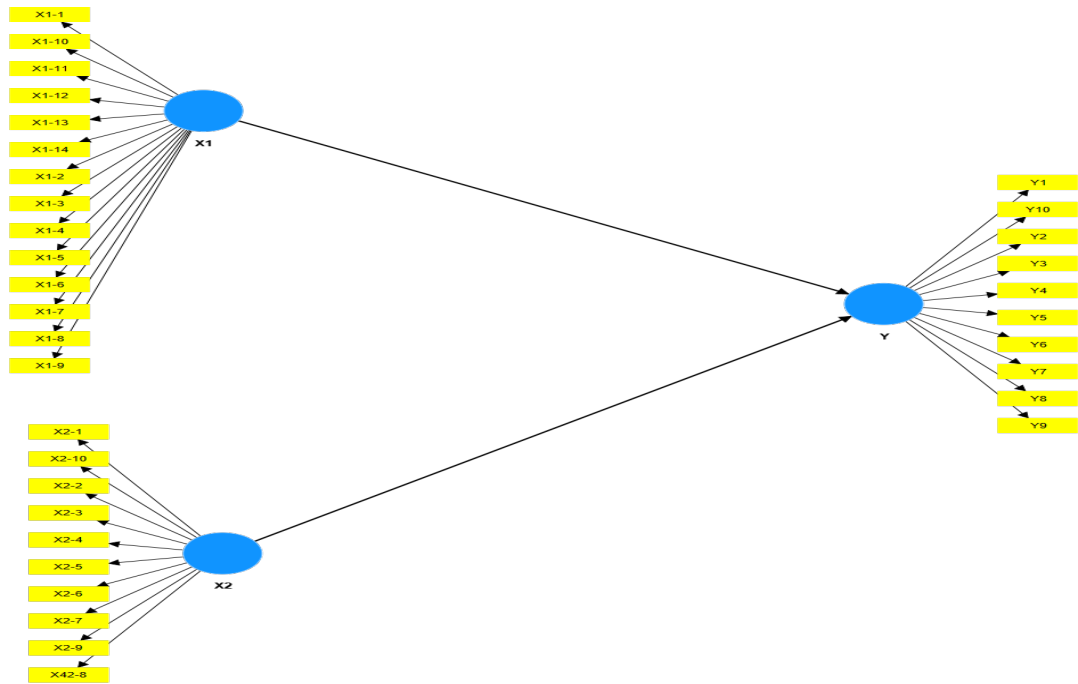


Figure 1. Measurement Model Test Results

In this study, data quality testing uses various measurements such as *reliability*, *convergent validity*, and *discriminant validity*. The researcher conducted a data quality test on 100 samples of main-test respondents who had met the specified criteria and had passed the *profiling stage*.

Table 6. Outer Loading

	X1	X2	Y
X1-1	0,753		
X1-10	0,838		
X1-11	0,791		
X1-12	0,835		
X1-13	0,815		
X1-14	0,776		
X1-2	0,848		
X1-3	0,734		
X1-4	0,763		
X1-5	0,827		
X1-6	0,826		
X1-7	0,820		
X1-8	0,819		
X1-9	0,836		
X2-1		0,830	

	X1	X2	Y
X2-10		0,815	
X2-2		0,744	
X2-3		0,831	
X2-4		0,817	
X2-5		0,774	
X2-6		0,755	
X2-7		0,812	
X2-9		0,774	
X42-8		0,793	
Y1			0,786
Y10			0,801
Y2			0,814
Y3			0,798
Y4			0,802
Y5			0,773
Y6			0,817
Y7			0,809
Y8			0,793
Y9			0,714

In this study, validity was evaluated by examining the *outer loading* of the indicator to be able to determine the average extracted variance (AVE) of each construct. The *Loading Factor* value must exceed 0.7 to indicate valid data because the square of the number indicates that the contrast score covers at least 50% percentage of the variable.

Table 7. AVE (Average Variance Extracted)

	Average variance extracted (AVE)
X1	0,651
X2	0,632
Y	0,626

Based on the table above, all variables used in this study, namely the variables Financial Literacy (X1), and *Digital Payment* (X2) and *MSME Sustainability* (Y) have an AVE value of >0.5 so that they can qualify to pass the next test, namely the convergent validity test. It can be concluded from the Outer loading test and the AVE test combined in this study, it can be concluded that it is eligible.

Table 8. Fornell Larcker Criterion

	X1	X2	Y
X1	0,807		
X2	0,594	0,795	
Y	0,649	0,688	0,791

It is explained that the *Fornell-Larcker Criterion* value for each research variable meets the criteria of discriminant validity. The *Fornell-Larcker Criterion* value for the variable X1 is 0.807, X2 is 0.594 and Y is 0.649. Since all of the *Fornell-Larcker Criterion* values are greater than 0.5, it can be concluded that each variable has good discriminant validity, which means that each variable in the research model uniquely and independently measures its own concept without overlapping with other variables.

Table 9. Reliability Test

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)
X1	0,959	0,960	0,963
X2	0,935	0,937	0,945
Y	0,933	0,935	0,944

Based on Table 8, all the study variables showed *Composite Reliability* and *Cronbach's Alpha* values above 0.7. This shows that the research instrument has good internal consistency. Thus, it can be concluded that all variables have passed the reliability test and the data obtained is trustworthy.

Table 9. R-Square Test Results

	R-square	R-square adjusted
Y	0,562	0,553

Based on the results of the analysis, it was found that *the Adjusted R-squared* value for variable Y was 0.553 (55.3%), which means that variables X1 and X2 together were able to explain 55.3% of the variation in Y, so this model was judged strong.

Table 9. Pat Coefficient Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
X1 -> Y	0,372	0,372	0,129	2,882	0,004
X2 -> Y	0,467	0,460	0,125	3,737	0,000

This test uses P-values with a significance threshold (alpha) of 0.05. If the p-values are less than 0.05, then the relationship between the variables is considered significant

1. X1 against Y: The p-values are 0.004, which is smaller than 0.05. This shows that the variable X1 has a significant influence on the variable Y.
2. X2 against Y: The p-value of 0.000, which is smaller than 0.05. This shows that the variable X4 has a significant influence on the variable Y.
- 3.

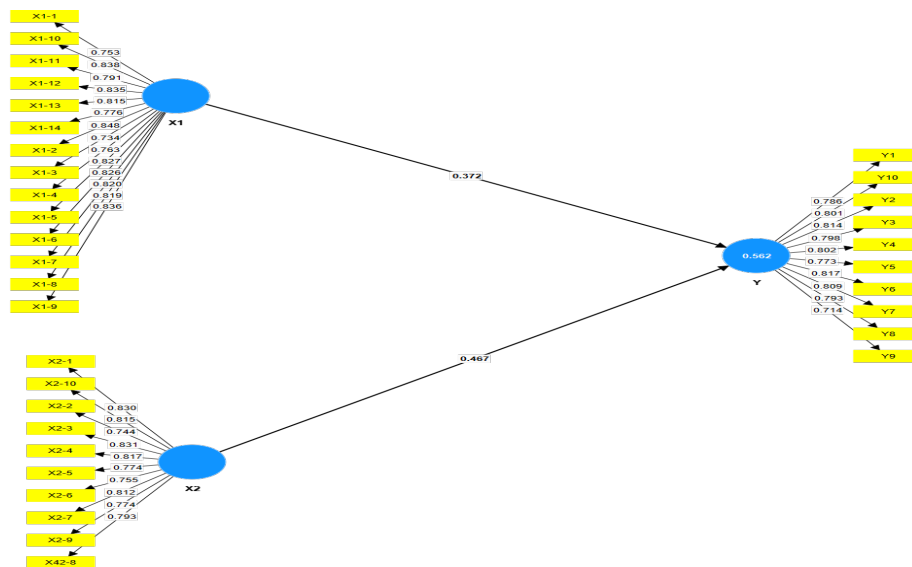


Figure 2. Inner Model

The *Inner model* test is a test carried out to test the research model, namely the relationship between one variable and another, in this case the relationship between the latent variable. The researcher conducted tests related to the structural model using various measurements including *R-Square* and *F-Square*.

DISCUSSION

The test results showed a positive and significant influence of financial literacy on the sustainability of MSMEs in Bandar Lampung City. The higher the understanding and skills of financial management such as budgeting, transaction recording, profit and loss analysis, and understanding of financial products, the greater the chances for MSMEs to survive, develop, and achieve long-term sustainability. Business actors with high financial literacy tend to be more disciplined in separating personal and business finances, planning finances carefully, and accessing the right capital, so that they are able to monitor financial health and adapt to market dynamics. These findings are in line with the Resource-Based View theory, where financial literacy is an internal capability that is valuable, rare, difficult to replicate, and irreplaceable, enabling optimal investment decision-making, cash management, and risk management. In Bandar Lampung, where MSMEs are the pillars of the local economy, policy interventions in the form of financial literacy training are needed to increase competitiveness and contribute to regional economic growth. These results are consistent with research (Reski, 2023) and (Aribawa, 2016) which states a positive and significant relationship between financial literacy and the sustainability of MSMEs.

The test results show a positive and significant influence of *Digital Payment* on the sustainability of MSMEs in Bandar Lampung City. The more intensive the adoption of digital payment technology, the higher the level of business sustainability, supported by a strong statistical base. *Digital Payment* improves transaction recording accuracy, financial transparency, and market access through QRIS or e-wallets, thereby expanding customers, operational efficiency, and cash flow stability. *The Resource-Based View* argues that a company's competitive advantage and sustainability comes from owning valuable, scarce, imitable and irreplaceable internal resources. However, *Digital Payment* has now become a relatively accessible technology and is adopted by almost all MSMEs, so it no longer meets the criteria of scarcity and inability to be replicated in the context of the classic *Resource-Based View*. In other words, although the results of the tests show that digital payments significantly improve the sustainability of MSMEs due to operational efficiency and market expansion, this success cannot be fully claimed as a sustainable competitive advantage based on *the Resource-Based View*, as competitors can easily replicate it; the sustainability of such MSMEs is more driven by the dynamic capabilities of MSMEs in integrating and utilizing the technologies that are available to them. This is widely available. These findings are in line with (Lailatul et al., 2024) and (Rani & Desiyanti, 2024) that manifests a positive influence *Digital Payment* (especially QRIS) on the sustainable performance of MSMEs through increasing income and competitiveness.

CONCLUSION

Financial Literacy has a positive and significant impact on the sustainability of micro, small, and medium enterprises (MSMEs) in Bandar Lampung. The results of this study show that the higher the level of financial literacy possessed by MSME entrepreneurs, including the ability to plan financially, manage records, understand risk, and manage cash flow, the higher the level of business sustainability achieved. *Digital Payment* has a significant positive impact on the sustainability of small and medium-sized businesses. Digital payments speed up and simplify transactions, make tracking easier, and allow for a wider marketing reach. This directly contributes to the increased competitiveness of small and medium-sized businesses facing technological advances and changing consumer behavior

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