

ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) are productive businesses owned by individual or organization business entities that annually be the highest contribute to the national economy. Unfortunately, the financial literacy of Indonesians is still relatively low, including for MSMEs which have an impact on business management. Supported by the 4.0 revolution, all services or products offered have switched to using information technology that is connected to the internet, including the financial sector. However, MSMEs are still not fully digitally transformed.

Therefore, this study aims to examine the effect of financial literacy and the use of digital finance on the performance of MSMEs, a case study on MSMEs of Bank Indonesia's partners at West Java Province Representative Office

This study uses quantitative methods and uses primary data, which is distributing questionnaires to the owners of MSMEs. Sampling using the Slovin formula calculation and 93 respondents were obtained. The data analysis technique used is descriptive analysis and multiple linear regression analysis.

Based on the results of the study, the variables of financial literacy and the use of digital finance have a significant positive effect, both partially and simultaneously on the performance of MSMEs.

Therefore, awareness is needed from MSME owners to improve financial literacy and the use of digital finance in their business, it is also expected that the Bank Indonesia of West Java Province together with Otoritas Jasa Keuangan (OJK), the government, and the digital companies to o help provide assistance and support training related to financial literacy and the use of digital finance for MSMEs owners so that they can be applied to their businesses, so as to improve the performance of MSMEs.

Keywords: Financial Literacy, Use of Digital Finance, MSMEs' Performance