

ABSTRACT

Society is encouraged to solve social challenges by utilizing Industry 4.0 innovation to improve the quality of life. Financial technology brings convenience in transactions, but also risks misuse of data, lack of regulation, and delays in legal protection. The use of financial technology such as digital wallets, online loans, online investments and money transfers is increasingly widespread in Garut. This opens up opportunities for financial inclusion and equal access to financial services. Lack of financial literacy and fintech education has the potential to pose a risk of fraud and irresponsible use. Financial technology in the 5.0 era brings opportunities and challenges to the people of Garut. Efforts are needed to increase financial literacy and fintech education to maximize the benefits and minimize the risks for the performance of MSMEs in Garut City.

The aim of this research is to find out an overview of financial technology, financial literacy on the performance of MSMEs in Garut City, as well as to determine the influence of financial technology, financial literacy on the performance of MSMEs in Garut City. This research uses quantitative methods with the aim of causal research, researchers distributed questionnaires via Google Form with a total of 145 respondents with the respondent criteria being that they have MSMEs in Garut City. The sampling technique used is non-probability sampling with purposive sampling type. The data analysis technique uses Structural Equation Modeling (SEM) Partial Least Square (PLS) with SmartPLS software (v3.2.9).

The results of this research are that financial technology and financial literacy have a positive and significant effect on the performance of MSMEs in Garut City. Financial Technology Variables have a positive and significant effect on Performance, Financial Technology Variables have a positive and significant effect on Financial Literacy, Financial Literacy Variables have a positive and significant effect on Performance, and Financial Literacy mediates the positive and significant effect of Financial Technology on MSME Performance in Garut City.

This research obtains suggestions for the performance of MSMEs in Garut City, namely that they are expected to pay attention to Financial Technology, and Financial Literacy is an important element in the Performance of MSMEs in Garut City, therefore the Performance of MSMEs in Garut City needs to improve Financial Technology and Financial Literacy which aims to improve MSME Performance for who own MSMEs in Garut City.

Keywords: *Financial Technology, Financial literacy, Financial Performance, MSMEs.*