ABSTRACT

The development of technology and the internet in Indonesia has driven significant transformations in the business landscape, including the Micro, Small, and Medium Enterprises (MSME) sector. Although the adoption of digital technologies such as financial technology and e-commerce continues to increase, the financial performance of MSMEs has not shown consistent improvement. The rise in non-performing loans (NPL) for MSMEs to 4.04% indicates challenges in leveraging technology for business sustainability. This condition highlights the need for research examining factors that influence MSME financial performance in the digital transformation era.

This study aims to examine the influence of financial technology, e-commerce adoption, and entrepreneurial skills on MSME financial performance, with financial literacy and trust as mediating variables. A quantitative approach was employed by distributing Likert-scale questionnaires to 200 MSME actors across various districts and cities in West Java. The data were analyzed using Structural Equation Modeling (SEM) with the Partial Least Squares (PLS) method through SmartPLS 4 software. This model was selected to identify both direct and indirect relationships among the research variables.

The findings reveal that financial technology and entrepreneurial skills have a positive and significant effect on MSME financial performance. In contrast, e-commerce adoption does not have a direct effect but shows a positive and significant impact through financial literacy and trust. Furthermore, financial technology and entrepreneurial skills also exhibit positive and significant effects through these mediating variables. Future research is recommended to include contextual variables to provide broader perspectives.

***Keywords**: E-Commerce Adoption, Entrepreneurial Skills, Financial Literacy, Financial Technology, MSME Financial Performance, Trust.*