

THE EFFECT OF FINANCIAL TECHNOLOGY ON THE PERFORMANCE OF MICRO, SMALL, AND MEDIUM BUSINESSES

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Abstract: Micro, Small. And Medium. Enterprises dominate the number of entrepreneurs in developing countries like Indonesia. Even though the scale enterprises are small, MSM entrepreneurs can't be separated from technology in the current era. Therefore, this study aims to analyze how financial technology can affect the performance of Micro Small. and Medium Enterprises in Jakarta, Bogor, Depok, Tangerang and Bekasi. The data taken for this study is primary data obtained through the distribution of online questionnaires to MSM entrepreneurs in Jakarta, Bogor, Depok, Tangerang, and Bekasi. The number of samples in this study was 130 respondents with a non-probability sampling method with purposive sampling technique. The research data that has been obtained were analyzed using SPSS 26 software. The results showed that the use of financial technology did not significantly affect the performance of MSMEs. Meanwhile, financial technology funding, cash back, or promos on products sold affects the performance of MSMEs. Maybe, it should be Micro, small, medium.

Keywords: usage of financial technology; micro, small, and medium enterprises; cash back or promos; financial technology funding

1. INTRODUCTION

Today, technology has become widespread and even crucial in people's daily lives in both developed and developing countries. As many as 79% of adults in developing countries own a mobile phone, and 40% can connect to the internet (Haider, 2018). For Indonesia itself, based on the results of the Indonesian Polling study in collaboration with the Association of Indonesian Internet Service Providers (APJII) in April 2019, the number of internet users was 171.17 million

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people from the total population of Indonesia, namely 264 million people or 64.8% (Banjarnahor, 2019). From these data, We can see that the public's enthusiasm for using technology is high to facilitate their daily activities, especially in the economy. The use of technology in the economy is often referred to as financial technology.

Financial technology uses technology in the financial system that produces new products, services, innovations, and business models. It can impact monetary stability, financial system stability, efficiency, smoothness, security, and reliability of the payment system (Haider 2018). Financial technology can improve a country's economy, which can be seen from various sides. One of them is from the micro, small and medium enterprises (MSMEs), which will be the main focus of this research. The reason for choosing MSMEs as this research's primary focus is that Small Medium Enterprises (MSMEs) can absorb 60% of the workforce in a country (Hadi Putra & Santoso, 2020). For Indonesia alone, the number of MSME actors is 59.2 million entrepreneurs, and 3.79 million entrepreneurs have used online platforms to market their products, or 8% of the number of MSME actors in Indonesia.

According to Gojek CEO Aldi Haryoprato, in September 2019, MSMEs contributed 60% of Gross Domestic Product (GDP) and could absorb 96% of the workforce. With that, Gojek is willing to "burn money" to help MSMEs which will ultimately help Indonesia's economic resilience. Currently, Gojek has more than 420,000 business partners, of which more than 90% are small entrepreneurs. Aldi said that the sales turnover of MSME business partners increased significantly after using Gojek. According to Gojek data, in 2018, the growth of MSME business partners who joined Gojek had increased 69 times. Gojek merchants are also spread in 370 cities throughout Indonesia, reaching more than 40 traditional and modern markets (Laraspati, 2019).

Sohn et al. (2007) examined how technology can affect MSMEs' Financial Performance Index (FPI). In his research, it is said that technology is the essential thing that indirectly affects FPI. Next, Agmeka et al. (2019) examine how discount framing affects sales of e-commerce products. In his research, it is said that discount framing can affect sales (in this case, increase sales) if the reputation and image of the products sold are good in the eyes of consumers. Further research was conducted by Antareza et al. (2020), which examines the

readiness of MSMEs to use electronic money as a payment method in their business. In addition, Huang (2019) examines the influence of FinTech on MSMEs in Shaanxi Province, China. The results of Huang's research are that FinTech can help overcome the financial problems of MSMEs so that MSMEs using FinTech have increased in Shaanxi. Finally, the Chinese government is considering appropriate regulations for FinTech and protecting MSMEs in Shaanxi Province. The purpose of this study is to find out how the use of financial technology, funding through financial technology, and promos or cash back affect the number of sales per day from Micro, Small, and Medium Enterprises (MSMEs).

2. LITERATURE REVIEW

2.1 Financial Technology

Financial technology uses technology in the financial system that produces new products, services, innovations, and business models. It can impact monetary stability, financial system stability, efficiency, smoothness, security, and reliability of the payment system (Haider, 2018). According to OJK (2021), Types of Financial Technology are Payment, Clearing, Settlement; Fintech provides a payment service system for the non-bank financial industry and the banking financial industry. Example: My Card, Doku, iPaymu, Finnet, and Xendit; E-Aggregator; This fintech functions to collect and process data from a product that consumers want to buy, such as prices, payment methods, benefits, etc., to help potential consumers or fintech users make decisions before purchasing a product. Examples: Cekaja, Cermati, KreditGogo, Tunaiku; R&I Management; This fintech provides financial planning and investment services to its users. Example: Bareksa, Cekpremi, and Rajapremi; Peer-to-Peer Lending; This type of fintech offers a ground for borrowers and lenders to meet and make transactions. The borrower can suggest a loan and explain his purpose for borrowing, and the peer-to-peer lending application will rate the borrower. Lenders can easily choose which borrower they want to fund. Furthermore, the lender will get interested in the loan after the borrower returns the funds. Examples: Modalku, Investree, Amarnya, and Koinworks.

The benefits of financial technology for business can increase sales, business efficiency, competitive advantage, and maximize automation processes in increasing customer base (Kuzic, Fisher, & Scollary, 2002; Septina, Danil, & Satyarini, 2019). It can reduce the burden on borrowers (entrepreneurs) because the interest rate provided is relatively low (IDCLOUDHOST, 2019). The presence of fintech can reduce the amount of fraud risk (IDCLOUDHOST, 2019). Financial technology help start-up companies to innovate to bring merchants, the financial technology can help improve the marketing performance of MSMEs (Marka, 2021).

Financial technology risks such as information gaps, technological uncertainty, different regulators between regions, and the presence of service intangibility (Yang, Liu, Li, & Yu, 2015). Fintech-based businesses have a hacking risk (OJK, 2016). There is also a risk of fraud because technology is getting easier to use and vulnerable to misuse of client data (OJK, 2016). According to the OJK, in 2020, there will be 156 Fintech companies registered with the OJK, of which 33 have official licenses. The increase in Fintech lending from 2018 to 2019 was 255.93%, and from 2019 to 2020, as much as 112.79%, most of the borrowers are domiciled in Java (OJK, 2020).

2.2 Micro, Small and Medium Enterprises (MSMEs)

Based on the Law of the Republic of Indonesia Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), MSMEs can be classified as follows: Micro Enterprises are productive businesses owned by individuals and individual business entities that meet the following criteria: Has a maximum net worth of IDR 50,000,000.00 (fifty million rupiahs) excluding land and buildings for business premises; Have annual sales of a maximum of Rp. 300,000,000 (three hundred million rupiahs). Small and medium enterprises are productive economic businesses that stand-alone, which are carried out by individuals or business entities, which are not subsidiaries or not branches of the company, which are owned, controlled, or become a part either directly or indirectly of a medium-sized business or business. Big. The criteria for small and medium enterprises are: Have a net worth of more than IDR 50,000,000 (fifty million rupiahs) up to a maximum of IDR 500,000,000 (five hundred million rupiahs) excluding land and building for business; Have annual sales of more

than IDR 2,500,000,000.00 (two billion five hundred million rupiahs) up to a maximum of 50,000,000,000.00 (fifty billion rupiahs).

Indonesia had 65.5 million micro, small and medium enterprises (MSMEs) in 2019. This number increased by 1.98% compared to 2018, 64.2 million units. If detailed, the number of micro-enterprises in 2019 reached 64.6 million. A total of 798.7 thousand units are small businesses. Meanwhile, there are 65.5 thousand units in the form of medium-sized enterprises. Meanwhile, the number of MSMEs is equivalent to 99.99% of the total business units in Indonesia. Meanwhile, large businesses only account for 0.01% of the total domestic business units. MSMEs also absorb 119.6 million people or 96.92% of the Indonesian workforce. This figure increased by 2.21% from the previous year, which amounted to 116.9 million people. Then, MSMEs contributed 60.51% of the gross domestic product (GDP) at current prices. Against GDP at constant prices, the contribution of MSMEs reached 57.14%. Meanwhile, non-oil and gas exports from MSMEs reached 339.2 trillion in 2019. That number reached 15.65% of Indonesia's total exports two years ago (Jayani, 2021).

2.3 The Effect of using Financial Technology in Transactions on Sales of MSMEs per Day

At first, people had to waste time doing transactions such as buying goods and services, applying for loans from banks, etc. In addition, people also need to bring quite a lot of cash if they want to pay for a down payment on a car and a down payment on a house which makes people feel uncomfortable and insecure because of the risk of cash being lost on the way is relatively high. The emergence of technology in the economy can make it easier for people to transact because it can save time, increase comfort, and increase a sense of security. After all, people can transact money in digital form. Entrepreneurs can also easily apply for loans to financial institutions via the online links these financial institutions provide. In the world of MSMEs, thanks to technology in business activities, entrepreneurs can increase sales per day and ultimately improve operational performance (Afolayan, Plant, White, Jones, & Beynon-Davies, 2015).

H1: The use of Financial Technology has a positive effect on the performance of MSMEs

2.4 The Effect of Funding through Financial Technology on MSME Profits

According to research conducted by Haider (2018), Financial Technology makes it easier for agricultural communities to take money from their friends or relatives as initial capital to start a business. Research conducted by Tan et al. (2018) said that the opportunity to open a business is tremendous because of today's rapid technological developments. So that prospective entrepreneurs can fund their business efficiently and with slight interest. From the statements of the two studies, we can conclude that the ease of funding through financial technology can help the performance of a business, especially for MSMEs. Because funding through financial technology has a lower interest rate than through banks, funds are collected faster.

H2: Funding through financial technology has a positive effect on the performance of MSMEs.

2.5 Effect of Promo or Cash Back on the Number of Sales per Day from MSMEs

According to Sary, Aprila, & Suryanto (2020), sales promotions such as discounts and promos influence prospective customers' decision to buy or not a product. So, with this, we can conclude that discounts, cash back, rebates will automatically affect the sales of a business because potential buyers will be more interested in buying when there is a promo than buying at regular prices.

H3: Promo or cash back has a positive effect on MSME performance

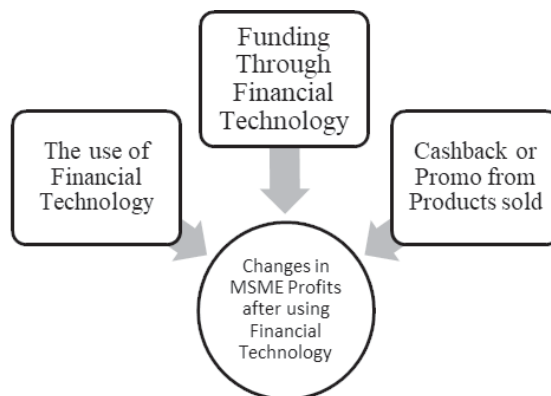


Figure 1- Research Model

3. RESEARCH METHODS

3.1 Methods

Research data collection was carried out from August 2020 to May 2021. Data collection was carried out by conducting interviews and distributing online questionnaires using Microsoft Forms with MSME entrepreneurs in Modern Markets around Greater Jakarta (Jakarta-Bogor-Depok- Tangerang-Bekasi). We took data source Primary data This research data by distributing questionnaires through interviews and online to Micro, Small, and Medium Enterprises entrepreneurs in Jabodetabek through Microsoft Forms to MSME entrepreneurs Jakarta-Bogor-Depok-Tangerang-Bekasi area with the criteria of selling food and beverages. Beverages, food vendors (Nine Basic Ingredients), creative sector sellers, and service sector MSMEs (example: salon, barbershop, laundry, etc.). Secondary Data The data collected in this study were sourced from various references related to the problem and the proposed research model, namely library literature, books, journals, and the internet. The sample taken in this study is the entrepreneurs of Micro, Small, and Medium Enterprises (MSMEs) in Jakarta-Bogor-Depok-Tangerang-Bekasi and are expected to represent the population. The research method uses a nonprobability sampling method with a purposive sampling technique. The minimum number of samples that the research must take is 125 respondents. The number of pieces follows the calculation of Hair, Anderson, Black, & Babin (2016), namely: $5 \times \text{Number of Indicators (25)} = 125$.

Meanwhile, the maximum number of samples that The research must take is 250 respondents. The number of pieces is obtained from $10 \times \text{Number of Indicators (25)} = 250$. In this study, researchers collected 130 respondents, and this number has exceeded the minimum sample size suggested by Hair et al. (2016). The data analysis method used in this study is as follows: Analysis of Pre-Test (Validity test and Reliability Test); Analysis of Mean Score and Overall Mean Score; Classical Regression Assumption Test (Normality test, Autocorrelation Test, Multicollinearity Test, Heteroscedasticity Test); Multiple Linear Regression Analysis (Coefficient of Determination Analysis (R²), Simultaneous Significance Test (F-Test), Individual/Partial Significance Test (T-Test)).

3.2 Result

Characteristics of Respondents

In this study, the respondents varied. The characteristics discussed consist of gender, age, line of business being undertaken, knowledge of financial technology, use of financial technology in the business field, duration of using financial technology, use of financial technology in the industry, and comfort in using financial technology.

Table 1 Characteristics of Respondents

Information	Number of Respondents	Percentage
Gender		
Male	86	66.15%
Female	44	33.85%
Total	130	100%
Age		
15–25 yo	65	50%
26–35 yo	31	23.85%
36–45 yo	16	12.31%
>45 yo	18	13.85%
Total	130	100%
Business Fields		
Electronic Products	15	10.64%
Food and Beverage	62	43.97%
Basic Material Needs	19	13.48%
Service Providers	25	17.73%
Others	20	14.18%
Total	141	100%
Financial Technology Knowledge		
Know	107	82.31%
Don't know	23	17.69%
Total	130	100%
Have you used Financial Technology or not?		
Already	130	100%
Not Yet	0	0%
Total	130	100%
Duration of Use of Financial Technology		
1–3 years	91	70%
4–7 years	25	19.23%
8–10 years	8	0.15%
>10 years	6	0.46%
Total	130	100%
How to Apply Financial Technology		
Application of Payment Gateway in transactions	75	45.45%
Applying for a loan through the financial technology application	25	15.15%
Performing electronic bookkeeping	23	13.94%
Storage of business cash in bank accounts	37	22.42%
Others	5	0.3%
Total	165	100%

Source: Researcher Test Results

Table 1 shows that financial technology is already known as 82.31% of the total respondents, which means that financial technology is already familiar to today's society. Of the following characters in the field of business, the most MSME entrepreneurs in this study were food and beverage entrepreneurs, as much as 43.97%. The entrepreneurs who became respondents in this study were dominated by men as much as 66.15% and also overwhelmed by young people from the age of 15 years to 25 years as much as 50%. In the research questionnaire, the author explains the definition and examples of financial technology so that all respondents have new knowledge of financial technology. After the author described the total respondents who filled out the research questionnaire, it turned out that all of the respondents had applied financial technology to their business fields. The method of implementing financial technology that respondents most widely applied is payment gateways for transactions as much as 45.45%. Because most respondents' business age is still young, the duration of using financial technology is at most 1-3 years, as much as 70% of the total respondents.

Pre-Test Test Analysis

Validity Test

Table 2 Validity Test Results

Variable	Code	Indicator	Sig.	Pearson Correlation	Notes
Use of Financial Technology	X1.1	<i>Financial technology can maximize the financial performance of MSMEs</i>	0,000	1	Valid
	X1.2	<i>Financial technology can provide complete information</i>	0,000	.861**	Valid
	X1.3	The use of financial technology creates transaction time efficiency.	0,000	.873**	Valid
	X1.4	<i>E-business can improve communication between employers and employees</i>	0,000	.845**	Valid
	X1.5	The use of financial technology can increase entrepreneur innovation in business development.	0,000	.825**	Valid
	X1.6	The use of financial technology can reduce the risk of fraud that occurs between business owners and employees.	0,000	.908**	Valid
Funding Through Financial Technology	X2.1	Availability of complete information from fintech funding.	0,000	1	Valid
	X2.2	<i>Fintech has a different guarantee mechanism from formal finance</i>	0,000	.576**	Valid

	X2.3	<i>Fintech helps borrowers to know the status of loan repayments in order to reduce or even eliminate inappropriate information.</i>	0,001	.525**	Valid
	X2.4	Funding through financial technology has a lower interest rate than funding through conventional financial institutions.	0,004	.483**	Valid
Cash back or Promo from Products sold	X3.1	<i>Cash back or promos can make the price of goods more worth the money for buyers</i>	0,000	1	Valid
	X3.2	<i>Promo or cash back can increase MSME daily sales</i>	0,000	.780**	Valid
	X3.3	Promos or cash backs can attract the attention of potential customers	0,000	.872**	Valid
	X3.4	<i>Promos or cash backs make MSMEs better known by customers</i>	0,000	.623**	Valid
	X3.5	The seller holds a promo of selling products because he wants to deplete inventory in warehouse (end season)	0,000	.618**	Valid
	X3.6	The seller holds a promo because there is no holiday	0,002	.505**	Valid
	X3.7	Promos make sellers more competitive in selling products	0,000	.747**	Valid
Changes in MSME Profits after using Financial Technology	Y.1	<i>Financial technology can increase MSME daily sales</i>	0,000	1	Valid
	Y.2	<i>Financial technology can increase the total assets of MSMEs</i>	0,000	.648**	Valid
	Y.3	<i>Financial technology can affect the debt ratio of MSMEs</i>	0,018	.403*	Valid
	Y.4	<i>Financial technology can affect the net income to sales of MSMEs</i>	0,001	.544**	Valid
	Y.5	<i>Financial technology can affect the net income to total assets of MSMEs</i>	0,004	.484**	Valid

Source: Researcher Test Results

Table 2 above shows that all question indicators are valid because they have a significant value below 0.05 and a Pearson Correlation value greater than 0.400.

Reliability Test

Based on Table 3, We can see that the variables of using financial technology (UFT), Funding through Financial Technology (FFT), Cash back or promos from products sold (CB), and changes in MSME profits after using financial technology (PMFT) are reliable because it produces Cronbach's Alpha greater than 0.6

Table 3 Reliability Test Results

Variable	Code	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Use of Financial Technology	X1.1	102,41	134,492	,613	,936
	X1.2	102,50	134,379	,691	,934
	X1.3	102,32	134,832	,584	,936
	X1.4	102,56	136,315	,540	,937
	X1.5	102,44	134,860	,658	,935
	X1.6	102,47	133,651	,708	,934
Funding Through Financial Technology	X2.1	102,65	134,478	,683	,934
	X2.2	102,53	138,984	,630	,935
	X2.3	102,53	134,257	,663	,934
	X2.4	102,56	136,254	,492	,938
<i>Cash back or Promo from Products sold</i>	X3.1	102,15	135,281	,766	,933
	X3.2	102,15	138,008	,739	,934
	X3.3	102,12	137,865	,788	,934
	X3.4	102,26	137,898	,727	,934
	X3.5	102,41	135,825	,620	,935
	X3.6	102,50	138,076	,557	,936
	X3.7	102,26	135,776	,811	,933
Changes in MSME Profits after using Financial Technology	Y.1	102,26	141,898	,506	,937
	Y.2	102,50	140,136	,569	,936
	Y.3	102,62	142,304	,323	,940
	Y.4	102,50	139,591	,564	,936
	Y.5	102,47	137,529	,703	,934

Source: Researcher Test Results

Overall Mean Score Analysis

Table 4 Overall Mean Score

Variable	Code	Mean Score	Notes
Use of Financial Technology (UFT)	X1.1	5.05	High
	X1.2	4.92	High
	X1.3	5.13	High
	X1.4	4.75	High
	X1.5	4.96	High
	X1.6	5.05	High
	<i>Overall Mean Score</i>		4.98
Funding Through Financial Technology (FFT)	X2.1	4.79	High
	X2.2	4.69	High
	X2.3	4.82	High
	X2.4	4.62	High
	<i>Overall Mean Score</i>		4.73

Cash back or Promo from Products sold (CB)	X3.1	5.21	Very High
	X3.2	5.12	High
	X3.3	5.19	High
	X3.4	5.15	High
	X3.5	4.95	High
	X3.6	4.89	High
	X3.7	5.11	High
	<i>Overall</i>	5.09	High
	<i>Mean Score</i>		
Changes in MSME Profits after using Financial Technology (PMFT)	Y.1	5.05	High
	Y.2	4.92	High
	Y.3	4.74	High
	Y.4	4.81	Tinggi
	Y.5	4.92	High
	<i>Overall</i>	4.89	High
	<i>Mean Score</i>		

Source: Researcher Test Results

Based on Table 4, the overall mean value of the variable use of financial technology is 4.98, and it can interpret that the use of financial technology by respondents is high. The highest mean value in the financial technology variable is in the third Financial Technology Use aspect with UFT code 3 of 5.13. The indicator states that many respondents use financial technology to create time efficiency in transactions, both buying and selling.

Next, the overall mean score in Funding through financial technology is 4.73. Based on these figures, it can interpret that the number of respondents who use funding services through Financial Technology is high. In this variable, the indicator with code FFT 3 has the highest mean value of 4.82. It can interpret that financial technology plays an essential role in providing information on loan repayment status to reduce or even eliminate inappropriate details.

Furthermore, on the Cash back variable or promo from the products sold, the overall mean score is 5.09, which means that the application of cash back and promos from the products sold has a significant influence on the sales of a business. While the indicator with the highest mean score on this variable is CB 1 of 5.21, the value is included in the “very high” category. From this, it can interpret that the application of cash back or promos can make the price of goods more worth the money for potential buyers and affect increasing sales.

Finally, for the dependent variable, changes in MSME profits after using financial technology have an overall mean score of 4.89, which means that

financial technology significantly influences changes in MSME profits. The highest mean value in this dependent variable is the PMFT code indicator 1 of 5.05, which means that financial technology can increase the daily sales of MSMEs relatively high.

Classic Assumption Test

Normality Test

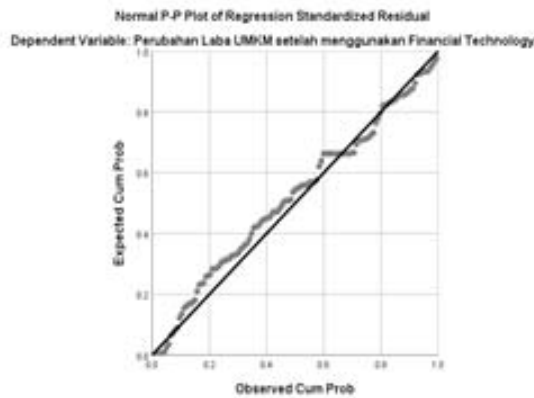


Fig.2 P-Plot Normal Diagram

Figure 2 above shows that the dot or points on the p-plot diagram follow a straight line path so that It can interpret that the flow fulfills the normality assumption and the research model is feasible to use.

Autocorrelation Test

Table 5 Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.759 ^a	0,576	0,566	2,640	1,886

Source: Researcher Test Results

Table 5 shows the results of the autocorrelation test. The test was tested with a significance level of 5%. The results of the Durbin-Watson test in this study show there is no autocorrelation.

Multicollinearity Test

Table 6 Multicollinearity Test

Model				Standardized	t	Sig.	Collinearity	
		Beta		Coefficients			Statistics	Tolerance
1	(Constant)	2,657	1,772		1,499	0,136		
	Use of Financial Technology	0,084	0,067	0,102	1,252	0,213	0,503	1,987
	Funding Through Financial Technology	0,426	0,095	0,376	4,492	0,000	0,478	2,092
	Cash back or Promo from Products sold	0,309	0,067	0,378	4,608	0,000	0,497	2,012

Source: Researcher Test Results

The results of the multicollinearity test in table 6 above show that the tolerance value for the independent variable is not more than 0.9, and the VIF value is less than 10. So it can be concluded that there is no multicollinearity between the independent variables.

Heteroscedasticity Test

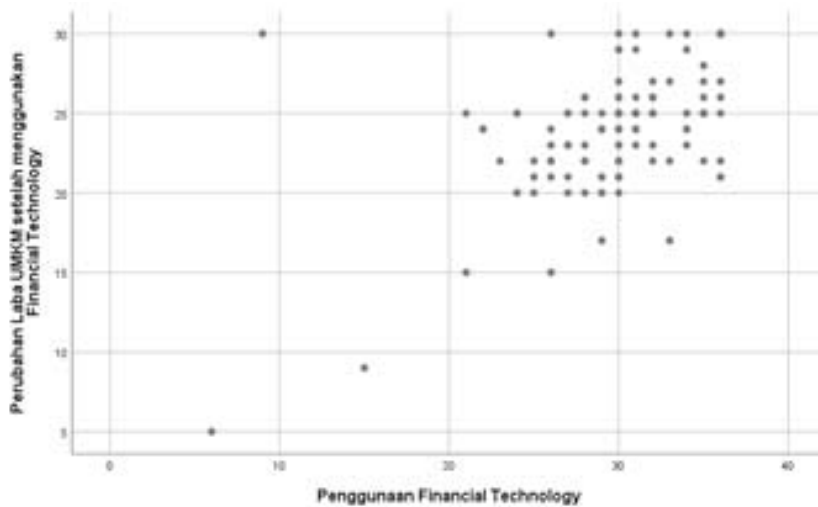


Fig. 3 Scatter-Plot Graph

The scatterplot graph above shows that the points spread randomly and are above the number 0 on the Y-axis (independent variable), meaning no heteroscedasticity. This model is suitable for research.

Multiple Linear Regression Analysis

Determination Coefficiency Analysis (R2)

Table 7 Coefficient of Determination Test (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.759 ^a	0,576	0,566	2,640	1,886

Source: Researcher Test Results

Based on the results of SPSS output in table 7, the value of adjusted R2 is 0.566. So It can conclude that 56.6% of the variable changes in MSME profits can be explained by the variables of using fintech, fintech funding, and cash back and product promos. At the same time, the remaining 43.4% is explained by other reasons outside the research model.

F-Test

Table 8 F-Test

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1202,408	3	400,803	57,507	.000 ^b
	Residual	885,149	127	6,970		
	Total	2087,557	130			

Source: Researcher Test Results

Based on table 8 above, the calculated F value is 57,507 with a significance of 0.000. Because the significance value is smaller than (0.05), the regression model can be used to predict changes in MSME profits. It can say that the use of fintech, fintech funding, cash back, and product promotions simultaneously affects changes in MSME profits after using financial technology.

T-Test

Table 9 T-Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2,784	1,766		1,577	0,117
Use of Financial Technology	0,072	0,066	0,089	1,094	0,276
Funding Through Financial Technology	0,428	0,095	0,378	4,518	0,000
Cash back or Promo from Products sold	0,315	0,067	0,385	4,723	0,000

Source: Researcher Test Results

Based on the table above, the significance value for the use of Financial Technology is 0.276, Funding through financial technology is 0.000, and cash back or promo from products sold is 0.000. The independent variable using financial technology has a value greater than 0.05, which means that the variable using financial technology has no significant effect on the performance of MSMEs. Meanwhile, the funding variable through financial technology and the cash back or promo variable from the products sold has a value smaller than 0.05, which means that funding through financial technology and cash back or product promotions significantly affects MSME performance.

4. DISCUSSION

Hypothesis 1 The Effect of Using Financial Technology on MSME Performance

Based on the multiple regression test results, it shows that the variable of using financial technology does not significantly affect the performance of MSMEs. It means that it is not following research conducted by Afolayan et al. (2015) where the use of technology in business activities, entrepreneurs can increase the level of sales per day or the use of financial technology has a positive effect on increasing the profits of Micro, Small and Medium Enterprises. Researchers see that entrepreneurs can create time efficiency in moving goods and services from sellers to consumers by using financial technology in transactions and promotions. It can attract consumers who like time efficiency and emphasize cashlessly. Research conducted by Leong, Tan, Tan, & Faisal (2020) also says that financial technology can create inclusive profit growth in a business.

However, in this study, the use of technology did not significantly affect the performance of MSMEs. According to the researcher, this is due to the lack of knowledge of MSME entrepreneurs of financial technologies. Such as what benefits they'll receive, the shortcomings, and how to use financial technology. From Fajar & Larasati's (2021) research, we know that the proportion of MSMEs is 99.99% of the total business units in Indonesia. More than a third (36%) of MSMEs in Indonesia are still offline. Another third (37%) only have fundamental online skills by connecting to the internet via a computer or smartphone. Around 18% have intermediate online skills using the web or social media, and only about 9% have online business capabilities with e-commerce capabilities. So, although all respondents (100%) in Table 1 have used financial technology in their business, because they still have poor financial literacy and due to lack of knowledge about financial statement management (according to research results of Fajar & Larasati (2021), it's likely for MSMEs have challenging to calculate how much additional profit they get from using the Fintech so that some entrepreneurs cannot take full advantage of financial technology. From the research of Fitriah, Hustia, & Ahdan (2021), we know that the level of financial literacy of the community dramatically influences the community in managing financial well, especially the understanding of finance itself. So there is a need to improve the financial literacy of MSME entrepreneurs.

Hypothesis 2 The Effect of Funding Through Financial Technology on MSME Performance

The multiple regression test results show that the funding variable through financial technology has a significant effect on the performance of Micro, Small, and Medium Enterprises. The results of this study are supported by research conducted by Pricewaterhouse Cooper (2019), where the research says that funding is crucial for a business to start or develop a business. When prospective entrepreneurs do not have personal (internal) funds, a loan is one of the most effective ways to get capital. However, MSMEs often encounter difficulties when they want to get a loan from a financial institution because of the somewhat complicated financial institution requirements. With easy funding through financial technology, entrepreneurs are faster to get capital to start or develop a business, accelerating the company to acquire or increase profits.

According to the researcher's personal opinion, opening a business or expanding a business (expansion) requires a large amount of capital, so even entrepreneurs will seek loans or funding to start a business or expand their business. Before financial technology, entrepreneurs who borrowed money were banks and close relatives. If entrepreneurs borrow through banking financial institutions, there are too many things that make it difficult for some entrepreneurs, for example: having a payslip for a specific loan nominal. In addition to banking, borrowing business capital from relatives can be the right choice because relatives often do not set complicated rules. However, the most significant risk when borrowing from relatives is the relationship breakup, which is more dangerous because entrepreneurs can lose relatives. However, entrepreneurs can save time to borrow with funding through financial technology. The system established by fintech funding is straightforward and uncomplicated. The interest set is relatively low. The borrower's profile is exposed so that potential lenders believe that the funds to be lent will be safe.

In addition, based on the respondent's characteristics table (table 1), it can be seen that the majority of entrepreneurs are still relatively new to the use of fintech (1–3 years), and few have used fintech funding for business capital (15%). It can be said that entrepreneurs see that there are advantages to borrowing money through fintech funding so that fintech funding research affects the performance of MSMEs, the results have a significant effect.

Hypothesis 3 Effect of Promo and cash back from products sold on the Performance of Micro, Small and Medium Enterprises

In this study, based on the results of multiple regression tests, the results showed that the promo and cash back variables from the products sold had a significant effect on the performance of Micro, Small, and Medium Enterprises. It is supported by research conducted by Gong et al. (2015), which says that sales promotion or cash back can increase the number of product sales. The reason is that customers feel that the price offered by a product makes more sense to buy than the regular price before the promo or cash back. Then there is also research that says that discount framing can increase consumer enthusiasm to buy more products in e-commerce. And the application of discount framing can increase

the brand image in the eyes of consumers where the brand is “friendly” to some groups Agmeka et al. (2019)

According to researchers, the existence of cash back or promos from products sold can stimulate consumers to buy a product. For example, when someone is browsing with their gadget, the online buying and selling platform provides cash back for certain nominal purchases or specific products. If the person needs a product, then at that time, he will immediately buy the product. This can benefit both the seller and the buyer. In addition, based on the respondent’s characteristics table (table 1), most of the respondents’ business fields in this research are food and beverage, as much as 44%. Food and drink are basic needs that it must meet daily. If there is a discount, promo, or cash back from food and beverage products, people will be much more interested in buying than secondary needs.

Overall from this study, it can be concluded that although the use of financial technology does not significantly affect the performance of MSMEs. In contrast, financial technology funding, cash back, or promos from products sold do significantly impact the performance of Micro, Small, and Medium Enterprises in Jakarta, Bogor, Depok, Tangerang, and the Bekasi area.

5. CONCLUSION

The use of financial technology has no significant effect on the performance of Micro, Small, and Medium Enterprises. Funding through financial technology has a significant effect on the performance of Micro, Small, and Medium Enterprises. Cash back and promos for products sold positively affect the performance of Micro, Small, and Medium Enterprises.

Based on the research results, the researchers provide the following suggestions: Entrepreneurs should continue to develop their knowledge of fintech and financial literacy, study accounting for financial reporting, and constantly update fintech developments to help the progress of their business. Financial technology funding parties are advised to prioritize their legality in operating. The reason is that investors and entrepreneurs (borrowers) have a sense of security and comfort when they want to use fintech funding applications. By legality, the researcher means that fintech funding is legally permitted and supervised by the

Financial Services Authority (OJK) when it operates. For the financial technology funding party to always provide consistency regarding the completeness of the information in the funding application. So that borrowers and lenders believe that the funding application is reliable. In addition, the connectivity of funding applications must be stable to carry out all loan transactions properly. Finally, financial technology funding can create innovations in its application to make it easier for users to borrow or lend funds. For the financial technology platform to always create the latest innovations regarding the payment system to make it easier for users to make transactions. People who have used financial technology to lend funds on the financial technology funding platform must always read the information provided by the platform carefully and entirely so that lenders do not feel disadvantaged in terms of time and material. Especially that must be considered is the legality of the fintech funding, whether supervised by the Financial Services Authority (OJK) or not, where OJK is the only legality that investors can trust in investing in Indonesia.

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