

## Research Article

# The Impact of Financial Literacy, FinTech Utilization, and Literacy of Risk in FinTech on MSMEs Business Continuity in Yogyakarta

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**Abstract.**

Micro, Small, and Medium Enterprises (MSMEs) can face significant challenges, including financial interruptions, operational hazards, and inadequate financial management. The government's efforts to safeguard the sustainability of MSMEs include implementing priority support programs, providing working capital credit, and promoting their digitalization. Risk considerations impede the successful adoption of financial technology (FinTech), presenting obstacles to company continuity. This study aims to ascertain the impact of financial literacy, FinTech utilization, and literacy of risk in FinTech on the continuity of MSMEs in Yogyakarta. One hundred twelve samples of the entrepreneurs in Yogyakarta were acquired using a nonprobability sampling technique. However, after implementing rigorous data purification methods, only 100 sample replies were deemed suitable for data processing. The data from the investigations were examined using multiple linear regression. The study's findings suggest that the introduction of FinTech-based partial assessments for financial literacy and literacy of risk in FinTech significantly affects the ability of small companies in Yogyakarta to continue their economic operations. Conversely, the utilization of FinTech has little impact on the uninterrupted operation of MSMEs in Yogyakarta.

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## 1. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are the backbone of many countries' economies. MSMEs are essential in creating jobs, stimulating local economic growth, and supporting community development. According to the ASEAN Investment Report released by the United Nations Conference on Trade and Development (UNCTAD) in September 2022, Indonesia has the largest number of MSMEs in the ASEAN region. The report notes that their number in Indonesia in 2021 will reach around 65.46 million units. Indonesian small companies absorb 97% of the workforce, contribute 60.3% to the Gross Domestic Product (GDP), and contribute 14.4% to national exports. The proportion of Indonesian labour absorption is the largest in ASEAN. Meanwhile, neighbouring countries only absorb labour in the range of 35% - 85%. However, they often face

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significant challenges, including financial uncertainty, operational risks, and difficulties managing their finances well. Meanwhile, resources within the company must be supported by functional capabilities (human resources, marketing, operations, finance) to produce good performance. One of the methods to improve financial capability is financial literacy (1).

Pratama et al. (2023) conducted research that defines financial literacy as the ability to understand and effectively utilize financial resources to improve society. Financial literacy impacts an individual's perception of financial circumstances, business owners' strategic financial decision-making, and efficient administration. The financial literacy index (DIY) in the Special Region of Yogyakarta decreased from 58.53% in 2019 to 54.55% in 2022. The data employed in this study was gathered via the National Survey of Financial Literacy and Inclusion (SNLIK). Inadequate financial literacy among individuals involved in business can lead to a wide range of problems, including difficulties in handling debt, savings, credit, and future opportunities.

On the other hand, the ability to manage one's funds efficiently is crucial for the functioning and goals of a firm. Furthermore, digital payments play a crucial role in improving the performance of MSMEs. This ability is crucial in light of the ongoing pandemic, which has severely impacted the sector and put economic stability at risk, thereby threatening the survival of MSMEs.

The COVID-19 pandemic is a challenge in itself for the Indonesian economy. The government's social restriction policy makes it difficult for people to carry out their usual activities. The government has taken a series of strategic actions to mitigate the impact of the COVID-19 pandemic on the economic sector, starting from the MSMEs sector (3). The government has made various efforts to help maintain its sustainability, including priority support policies, working capital credit, digitalization, and social assistance. The emergence of technology has revolutionized the business environment and given rise to many innovations, including in the financial sector. FinTech is an innovation that combines financial services and technology. FinTech positively affects the financial sustainability of MSMEs (4).

Although the presence of FinTech can strengthen business, it also raises challenges for business continuity. Not all MSMEs can implement FinTech well due to risk considerations which create business continuity challenges (5). According to research by Rahmanto and Nasrulloh (2019), besides having various positive sides and great opportunities for implementation and development, FinTech still has risk factors that should not be forgotten. Operational risks caused by moral hazard for FinTech industry players and customers need serious attention; otherwise, FinTech can become a medium for

fraud. Apart from that, the risks of the security system used must also be considered so that security between both parties can be maintained. Therefore, there is a need for strict regulations and policies from the government to support and protect it. So that the risks posed can be mitigated and the FinTech industry continues to have a symbiotic, mutualistic impact on the players involved.

These three aspects - financial literacy, financial literacy utilization, and literacy of risk in financial technology- significantly influence business continuity. Increasing financial literacy can help small companies manage cash more efficiently, make better investment decisions, and avoid financial pitfalls. FinTech can facilitate access to financial services and reduce transaction costs. Meanwhile, risk literacy can help identify risks that may disrupt their operations so they can take appropriate action. This research will examine the influence of financial literacy, financial literacy utilization, and literacy of risk in financial technology on the business continuity of MSMEs. The author will explore whether financial literacy and the use of FinTech can help them face challenges and maintain the continuity of their business. The author will also investigate the role of risk literacy in identifying and reducing risks that may affect business continuity.

This research would uncover issues of financial literacy and FinTech and determine whether these risks would impact the continuity of business operations in MSMEs. Additionally, by increasing financial literacy, FinTech usage, and FinTech risk literacy, it is anticipated that MSMEs can take more suitable measures to bolster their business resilience in the face of fluctuations in a dynamic and complex business environment.

## 2. LITERATURE REVIEW

### 2.1. Financial Literacy

Financial literacy refers to acquiring and understanding financial concepts and risks and the development of skills, motivation, self-assurance, and proficiency necessary for making effective financial decisions. Its purpose is to enhance individuals' financial well-being and encourage their active involvement in economic activities, thereby fostering confidence in financial management (7). In the realm of business individuals and MSME managers, a financially literate individual possesses knowledge regarding the most suitable decisions for enhancing business performance during different stages of growth. They are also well-informed about the sources for obtaining the most suitable products and services and can confidently engage with product and service suppliers (1).

According to Lontchi et al. (2023), individuals with financial literacy can efficiently handle their finances, make well-informed investment choices, adjust their saving habits, and capitalize on emerging financial goods and services. MSMEs with a strong understanding of financial matters can successfully attain their corporate objectives and concentrate on advancing their organization. Financial literacy is crucial for individuals to navigate challenging economic circumstances, but ensuring the long-term sustainability of a corporation can be a complex task. Pratama et al. (2023) identified many markers of financial literacy, which encompass a) fundamental comprehension of financial management, b) adeptness in credit management, c) proficiency in savings management, and d) competence in investment management. Future economic investment is characterized by the swift growth of commercial or trade activities utilizing internet technologies.

## 2.2. Financial Technology Utilization

FinTech is an emerging sector within the financial industry that leverages technology to optimize and improve financial processes. FinTech is catalyzing a paradigm shift in the landscape of startup enterprises by providing financial services encompassing crowdfunding, mobile payments, and money transfer services. FinTech significantly impacts customer behaviour and expectations by enabling unrestricted access to data and information, regardless of time or location. Encourage large and small organizations to have elevated expectations for small and recently founded businesses (9). FinTech enables entrepreneurs to access funding more speed and efficiency, facilitating the identification of potential investors. FinTech has evolved into a societal phenomenon due to its ability to streamline several parts of financial life, including its application in cooperative financial organizations, banking, and insurance (10).

## 2.3. Literacy of Risk in Financial Technology

Risk assessment is crucial for microenterprises considering adopting FinTech payment systems, explicitly concerning developing countries lacking consumer protection and cybercrime rules (11). Risk can be quantified by incorporating non-linearity, such as revalued utility or a range of recognized gains and losses. The level of trust an individual has diminishes in direct correlation to their risk level. On the other hand, as the amount of risk an individual faces decreases, their level of trust grows correspondingly. Insufficient information on a product heightens the perception of risk (12).

Although FinTech offers many benefits and potential growth opportunities, it is essential to acknowledge the presence of certain risks that should be taken into account. Moral hazard-induced operational hazards in the FinTech business necessitate immediate attention to prevent the sector from becoming a channel for fraudulent operations, affecting industry players and customers. Firstly, the FinTech firm is vulnerable to cyber threats. Furthermore, FinTech, whose primary function is facilitating credit or financing, encounters the danger of default. Thirdly, the potential for fraudulent activities. The fourth risk is the susceptibility to the improper use of client data (13).

## 2.4. Business Continuity

Continuity, in accounting, is the assumption that a business will persist indefinitely, often known as a “going concern”. Continuity pertains to the capacity of a commercial entity to maintain its operations for a prolonged period, based on the guarantee that it will not be compelled into bankruptcy within a short term. Susanti (2022) states that business continuity refers to the overall stability of the company environment. On the other hand, sustainability refers to a system that includes additional measures and strategies to protect and ensure the ongoing growth and continuity of the business. This difference is demonstrated by their proficiency and steadfastness in formulating, assessing, and implementing their business plan.

## 2.5. Micro, Small, and Medium Enterprises (MSMEs)

MSMEs refer to Micro, Small, and Medium Enterprises, businesses characterized by their small scale and limited number of employees. As per legislation No. 20 of 2008, MSMEs are commercial enterprises managed by individuals who meet the criteria outlined in the legislation and are involved in productive economic activities. MSMEs have significantly contributed to and substantially influenced the economic growth of the Republic of Indonesia (RI) (Pratama et al., 2023).

## 2.6. Hypothesis Development

This study aims to establish a causal link between independent factors and dependent variables. Consequently, it is necessary to formulate a hypothesis. Currently, this is only a tentative assumption. This hypothesis will assist researchers by providing them with

clear guidance. The formulated hypothesis on the principal issue of this research is as follows:

### **2.6.1. The Effect of Financial Literacy (X1) on the Business Continuity of MSMEs (Y)**

Financial literacy is crucial for businesses' success and long-term viability, particularly when it comes to managing risks and making informed decisions (14). Financial literacy refers to comprehending and using the information and skills necessary to manage financial resources effectively to enhance one's wellness (Pratama et al., 2023). Financial literacy may also increase a company's ability to manage its capital structure strategically, influencing its growth. Financial literacy among MSMEs will enhance their capacity to generate financial data, improving their chances of obtaining external support (1).

Prior research demonstrates that financial literacy affects business continuity (D. Pratama & Nurwani, 2023; Yuningsih et al., 2022; Ye & Kulathunga, 2019). Proficiency in financial management and knowledge enhances business sustainability by guaranteeing the ability to surmount ever-changing economic conditions (1). Financial literacy has a considerable positive effect on the long-term viability of MSMEs. Therefore, the higher the level of financial literacy, the better the family's financial planning (17).

Historical research has demonstrated the significance of financial literacy in ensuring their long-term viability. Companies with practical financial literacy will effectively implement sound financial management practices to foster corporate growth and long-term viability. Therefore, drawing on the theoretical analysis and findings of past studies, the first hypothesis for this research is as follows:

**H1: Financial literacy has an effect on the Business Continuity of MSMEs.**

### **2.6.2. The Effect of Financial Technology Utilization (X2) on the Business Continuity of MSMEs (Y)**

FinTech has developed as a viable alternative to traditional means of accessing public financial services in the financial industry. In the current dynamic business landscape, the companies that can endure are the ones capable of adjusting to changes. FinTech plays a crucial part in the payment system by facilitating a marketplace for businesses to serve as a medium of payment, settlement, and clearing and contributing to investment implementation (18). FinTech, which refers to the type of financing, is a widely utilized sector and has developed quickly (17).

According to Winarsih et al. (2020) research, FinTech has been demonstrated to affect the sustainability of businesses. The concept of FinTech entails facilitating and fortifying digital payment processes for corporate entities, with the dual aim of appealing to consumers and yielding advantages for the former. The use of FinTech influences Indonesian MSMEs' financial performance because it brings ease and efficiency to technology-based financial management that includes digitalized financial management, payment technology, and online-based loans (19).

Based on the aforementioned theoretical framework, the second hypothesis is formulated as follows:

**H2: Financial technology utilization affects the Business Continuity of MSMEs.**

### 2.6.3. The Effect of the literacy of risk in financial technology (X3) on the Business Continuity of MSMEs (Y)

Risk is present in all environments and has the potential to influence us to some degree. While technological advancements enhance our social and economic existence, they also present inherent risks (20). The findings of the conducted research indicate by Atun Sholehah et al. (2022) that the combined assessment of knowledge, efficacy, and risk had a substantial impact on the level of interest exhibited by the residents of Jambi City towards the utilization of financial technology. Research findings indicate that despite a low level of trust in the system and a high perception of risk, MSMEs continue to express an intention to utilize mobile FinTech payments in the future (11). Failure to achieve this may expose business continuity to risk at the hands of competitors who are more adept at responding to evolving technological advancements and market demands.

Based on the aforementioned theoretical framework, the third hypothesis is formulated as follows:

**H3: Literacy of risk in financial technology affects the Business Continuity of MSMEs.**

## 3. RESEARCH METHODOLOGY

### 3.1. Data source

Distributing a questionnaire involves disseminating a set of methodically constructed statements created by the author to be completed by responders. Data was collected from MSMEs in Yogyakarta through the distribution of questionnaires. In this study,

research measures are conducted using a Likert scale. The Likert scale is a measurement tool that assesses respondents' attitudes by summing their responses to questions about indicators of a concept or variable. Score 1 indicates Strongly Disagree (STS), 2 indicates Disagree (TS), 3 indicates Neutral, 4 indicates Agree (S), and 5 indicates Strongly Agree (SS).

### 3.2. Sample Collection Method

The population under study comprises all MSMEs in Yogyakarta. A sample is a population subset with a certain quantity and features. The employed sampling approach is non-probability sampling, specifically a strategy that does not offer an equal opportunity for every element or member of the population to be chosen as a sample. The Lameshow formula was employed to determine the sample size in this study due to the unknown or infinite population size. The below expression is the Lameshow formula, specifically:

$$n = \frac{Z^2 1 - \alpha/2 p(1 - p)}{d^2}$$

Information:

n : Number of samples

Z<sub>2 1- $\alpha$ /2</sub>: 95% degree of confidence ( $\alpha = 0.05$ ) so that (Z = 1.96)

p: Estimated proportion 50% (0.5)

d: Sampling error 10% (0.1)

Through the formula above, the number of samples to be used is calculated as follows:

$$n = \frac{Z^2 1 - \alpha/2 p(1 - p)}{d^2}$$

$$n = \frac{1,96^2 \cdot 0,5(1 - 0,5)}{0,1^2}$$

$$n = \frac{3,8416 \cdot 0,25}{0,01}$$

$$n = 96,04$$

In order to enhance the quality of this research, a sample size of 100 individuals was selected. The sample is rounded to 100 to accommodate for questionnaires with insufficient valid data and facilitate data processing for researchers.



### 3.3. Data Analysis Method

This study employed quantitative descriptive methods. The study findings are presented by employing mathematical and statistical formulas and integrating them with known theory, leading to a conclusion about the matter under investigation. The study's population consists of all participants engaged in MSMEs in Yogyakarta. A non-probability sampling technique was used in the research to pick a sample of 100 entrepreneurs domiciled in Yogyakarta. Several statistical tests are used to determine the optimal criteria for data collected by questionnaires. Validity and reliability are two tests that assess the appropriateness of an item for use and the consistency of a sequence of measurements, respectively. Before incorporating multiple linear regression analysis results, the data underwent classical assumption testing, including normality, heteroscedasticity, and multicollinearity evaluations. The t-test is used to determine the specific impact of each independent variable on the dependent variable while keeping the dependent variable constant. The F-test determines the collective impact of all independent factors on the dependent variable.

### 3.4. Multiple Linear Regression Analysis

The impact of each independent variable on the dependent variable was analyzed using multiple linear regression analysis. The following equation expresses the regression equation used to test the hypothesis:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

$Y$  = Business Continuity (Dependent Variable)

$a$  = Constant

$\beta$  = Regression coefficient of each variable

$X_1$  = Financial Literacy (Independent variable)

$X_2$  = Financial Technology Utilization (Independent variable)

$X_3$  = Literacy of Risk in Financial Technology (Independent variable)

$e$  = Standard Error

### 3.5. Operation of Variables

To quantify it, we developed indicators that stand in for the latent variable. Table 1 displays the instruments used to measure the dependent and independent variables in this study:

TABLE 1: Operational Variables.

No	Variable	Indicator	Scale
	Financial literacy	Basic personal finance management Credit debt management Saving and investment management Money Risk	Likert
	Financial technology utilization	Perception of ease Effectiveness Risk	Likert
	Literacy of risk in financial technology	Risk of being attacked by hackers Risk of default Risk of fraud Risk of misuse of client data	Likert
	Business continuity	Ease of transaction. Increase income. Analyze market competitiveness. Analyze financial reports. Monitor business environmental conditions.	Likert

## 4. RESULTS

Based on our research, these descriptive data are depicted below in Table 2 and Table 3.

TABLE 2: Characteristics of respondents' gender.

Gender	Frequency	Percentage
Man	51	46
Woman	61	54
Amount	112	100

Table 2 shows that out of 100 respondents, 51 (46%) were male and 61 (54%) were female.

TABLE 3: Characteristics of respondents based on the FinTech utilization.

Gender	Frequency	Percentage
Currently Utilizing	100	89
Absence of use	12	11
Amount	112	100

Table 3 indicates that out of the 112 individuals that completed the survey. Only 100 participants have data that is appropriate for processing.

### 4.1. Validity and Reliability

The output of instrument validity and reliability test are described on the Table 4 and Table 5

TABLE 4: Validity Test.

Indicator	R Count	R Table	Information
X1.1	0,508	0,166	Valid
X1.2	0,627	0,166	Valid
X1.3	0,779	0,166	Valid
X1.4	0,549	0,166	Valid
X1.5	0,692	0,166	Valid
X1.6	0,353	0,166	Valid
X1.7	0,503	0,166	Valid
X1.8	0,676	0,166	Valid
X2.1	0,541	0,166	Valid
X2.2	0,647	0,166	Valid
X2.3	0,636	0,166	Valid
X2.4	0,690	0,166	Valid
X2.5	0,568	0,166	Valid
X2.6	0,661	0,166	Valid
X2.7	0,687	0,166	Valid
X2.8	0,508	0,166	Valid
X3.1	0,867	0,166	Valid
X3.2	0,886	0,166	Valid
X3.3	0,894	0,166	Valid
X3.4	0,917	0,166	Valid
Y1	0,756	0,166	Valid
Y2	0,773	0,166	Valid
Y3	0,607	0,166	Valid
Y4	0,687	0,166	Valid
Y5	0,728	0,166	Valid
Y6	0700	0,166	Valid
Y7	0,716	0,166	Valid

Source: SPSS Output 2023.

Based on Table 5, it is shown that the value of  $r_{count} > r_{table}$  is based on a significant test of 0.05. It can be stated that the instrument used in this research is valid.

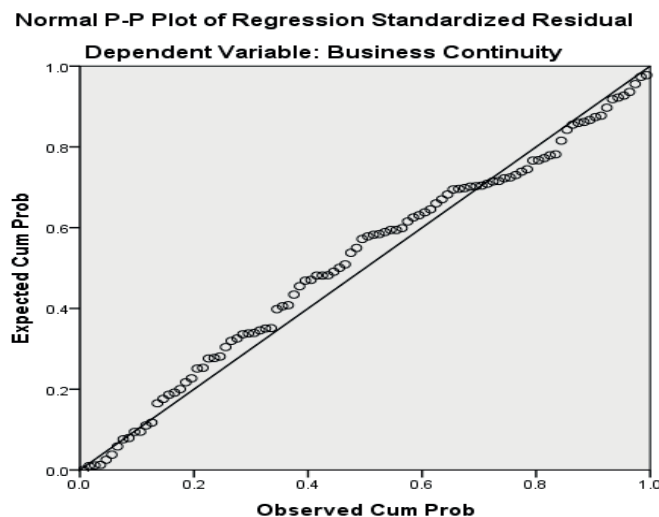
TABLE 5: Reliability Test.

Variable	Cronbach Alpha	R Tabel	Keterangan
Business Continuity (Y)	0,833	0,67	Reliable
Financial Literacy (X1)	0,731		Reliable
FinTech Utilization (X2)	0,767		Reliable
Literacy of risk in FinTech (X3)	0,912		Reliable

Source: SPSS Output 2023.

Based on Table 6, it can be shown that all variables in this research have Cronbach's Alpha  $> 0.60$ , which means they pass the reliability test.

This research also uses the classic assumption test, and this result of the test is qualified. The details of the data are depicted in Figure 1, Figure 2, and Table 7.



Source: SPSS Output 2023

Figure 1: Normality Test. Source: SPSS Output 2023.

Based on Figure 1, the p-plot graph displays a clear normal visual pattern, as seen by the dots distributed around the diagonal line. The distribution aligns with the direction of the diagonal line, indicating that the regression model qualifies for the normality condition.

Table 7 shows that the financial literacy variable has a tolerance value of 0.929, greater than 0.10, and a VIF value of 1.076, less than 10. The FinTech variable has a tolerance value of 0.921, greater than 0.10, and a VIF (Variance Inflation Factor) of 1.086, less than 10. The FinTech risk literacy variable has a high tolerance value of 0.990,

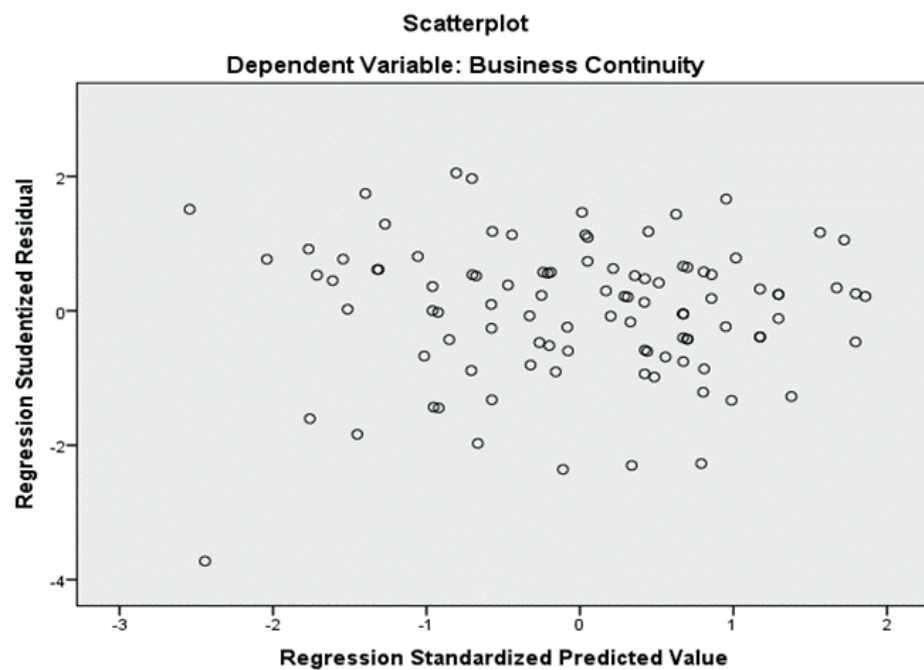
TABLE 6: Multicollinearity Test.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Beta	Tolerance
(Constant)	10.016	2.926		3.423	.001		
Financial Literacy	.481	.078	.540	6.184	.000	.929	1.076
FinTech Utilization	-.002	.039	-.004	-.048	.962	.921	1.086
Literacy of risk in FinTech	.178	.079	.190	2.244	.027	.990	1.010

a. Dependent Variable: *Business Continuity*

Source: SPSS Output 2023.

indicating a low level of multicollinearity. Additionally, the variable has a VIF (Variance Inflation Factor) of 1.010, which is far below the threshold of 10, indicating no significant multicollinearity. The three independent variables, namely financial literacy, usage of FinTech, and FinTech risk literacy exhibit VIF values that fall within the set tolerance limits, not surpassing 10. Therefore, there is no multicollinearity among the independent variables in this research.



Source: SPSS Output 2023

Figure 2: Heteroscedasticity Test. Source: SPSS Output 2023.

Based on Figure 2, it can be seen that the data (points) are spread evenly above and below the zero line, do not gather in one place, and do not form a particular pattern, so it can be concluded that in this regression test, there is no heteroscedasticity.

## 4.2. Analysis of Multiple Linear Regression

Multiple linear regression analysis aims to quantify how independent variables, specifically financial literacy, utilization of financial technology, and risk literacy in using financial technology, affect the dependent variable, business continuity. The outcomes of data processing are depicted in the subsequent Table:

TABLE 7: Multiple Linear Regression Test Results.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	10.016	2.926		3.423	.001
Financial Literacy	.481	.078	.540	6.184	.000
FinTech Utilization	-.002	.039	-.004	-.048	.962
Literacy of Risk in FinTech	.178	.079	.190	2.244	.027

a. Dependent Variable: Business Continuity

Source: SPSS Output 2023.

The outcomes of the multiple linear regression analysis can be observed based on data processing, yielding the subsequent regression model:

$$Y = 10,016 + 0,481X_1 - 0,002X_2 + 0,178X_3 + e$$

Y = Business Continuity (dependent variable)

X<sub>1</sub> = Financial Literacy (independent variable)

X<sub>2</sub> = Financial Technology Utilization (independent variable)

X<sub>3</sub> = Literacy of Risk in Financial Technology (independent variable)

## 4.3. Hypothesis Test

Table 9 shows the processed results, which show financial literacy and business continuity is obtained by t value 6.184 > t table 1.984 with a significance level of 0.00 is less than 0.05, implying that **H1 is accepted**; financial literacy utilization and business continuity is calculated as follows: t value -0.048 < t table 1.984, with a significance level of 0.96 > 0.05, implying that **H2 is rejected** based on partial hypothesis testing; and that literacy of risk in financial technology and business continuity is as a result: t value 2.244 > t table 1.984 at a significance level of 0.027 < 0.05; thus, **H3 is accepted**.

The F test in multiple linear regression analysis aims to determine the effect of the independent variables simultaneously, as shown in Table 10 below:

TABLE 8: T Test.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	10.016	2.926		3.423	.001
	Financial Literacy	.481	.078	.540	6.184	.000
	FinTech Utilization	-.002	.039	-.004	-.048	.962
	Literacy of Risk in FinTech	.178	.079	.190	2.244	.027

a. Dependent Variable: Business Continuity

TABLE 9: F Test.

ANOVA <sup>a</sup>						
Model		Sum Squares	df	Mean Square	F	Sig.
1	Regression	364.583	3	121.528	15.018	.000 <sup>b</sup>
	Residual	776.857	96	8.092		
	Total	1141.440	99			

a. Dependent Variable: Business Continuity

b. Predictors: (Constant), Financial Literacy, FinTech Utilization, Literacy of Risk in FinTech

Source: SPSS Output 2023.

Based on the Table 10, it can be seen that the F value is 15.018 with a significance level of 0.000, while the F table is 2.698, the value of 15.018 is greater than 2.698, indicating that F value is greater than F table, meaning H4 is accepted so it can be concluded that financial literacy, financial literacy utilization, literacy of risk in financial technology together has a significant influence on business continuity of MSMEs in Yogyakarta.

#### 4.4. Coefficient of Determination Test

The R-square value of the coefficient of determination is utilized to assess the extent to which changes in the independent variable impact the variability of the dependent variable. The coefficient of determination value ranges from 0 to 1. The closer the R-square value is to one, the stronger the influence of the independent variable on the dependent variable. The following are the outcomes of statistical testing:

The coefficient of determination test results indicates a significant relationship between financial literacy, utilization of financial technology, and literacy of risk in financial technology on business continuity of MSMEs in Yogyakarta. This result is

TABLE 10: Coefficient of Determination Results.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.565 <sup>a</sup>	.319	.298	2.845
a. Predictors: (Constant), Financial Literacy, FinTech Utilization, Literacy of Risk in FinTech				
b. Dependent Variable: Business Continuity Source: SPSS Output 2023.				

indicated by the R-value, which exceeds 0.05, 0.565. The results in Table 11 indicate that financial literacy, financial technology utilization, and literacy of risk in financial technology have an adjusted R square value of 0.319 concerning business continuity in MSMEs in Yogyakarta. The remaining factors are not represented in this research.

## 5. DISCUSSION

### 5.1. The Effect of Financial Literacy on the Business Continuity of MSMEs

This result indicates that financial literacy significantly impacts the business continuity of MSMEs in Yogyakarta. These results align with the knowledge-based view (KBV) theory, which posits that organizational knowledge is crucial in achieving long-term success. Therefore, this study suggests that the level of financial literacy among entrepreneurs significantly impacts business continuity. Acquiring knowledge and honing financial management abilities are crucial for enhancing business sustainability since they enable businesses to navigate unpredictable economic fluctuations effectively. According to studies conducted by Maulana et al. (2022), Y. W. Pratama & Wijayangka (2019), Yuningsih et al. (2022), Ye & Kulathunga (2019), and Sari (2022), it has been found that financial literacy has an impact on the continuity of businesses.

Increasing financial literacy can enable MSMEs to handle cash effectively, make informed investment choices, and mitigate operational risks and challenges associated with financial management. The COVID-19 epidemic has prompted shifts in how goods and services are consumed, leading to a digital transformation that has also impacted the marketing strategies of MSMEs in promoting their products to customers. Financial literacy and financial technology are vital variables that contribute to the rapid digital transformation of MSME operators during the COVID-19 epidemic, enhancing the long-term viability of their firms.



## 5.2. The Effect of Financial Technology Utilization on the Business Continuity of MSMEs

The result from the research on the impact of financial technology utilization on the business continuity of MSMEs in Yogyakarta supports the conclusion that H2 is rejected based on partial hypothesis testing. This finding indicates that financial literacy utilization does not impact Yogyakarta's MSME's business continuity. In contradiction to Yuningsih et al. (2022) and Nurohman et al. (2021), these results exhibit inconsistency. This phenomenon arises because not all MSMEs possess a high level of technological proficiency. The primary reason for hesitancy in adopting FinTech is uncertainty. Dedy Permadi reported during the G20 Summit that digital technology is currently employed by 21 million MSMEs in Indonesia, accounting for roughly 32% of the total 64 million, and 68% of them have not yet utilized the digital sphere to advance their economic growth (Kominfo, 2022).

Some MSMEs have difficulties effectively adopting FinTech due to risk factors that hinder their company's continuity. The research findings indicate that financial literacy and literacy of risk in financial technology substantially impact the continuation of company operations in small companies located in Yogyakarta. Conversely, financial literacy utilization does not substantially impact the uninterrupted their operations in Yogyakarta. This situation occurs due to the lack of technological familiarity or use of the digital realm for economic advancement among on certain. They are concerned about the possibility of data security breaches or the theft of financial information, which might negatively affect their business and reputation.

## 5.3. The Effect of the literacy of risk in financial technology on the business continuity of MSMEs

The result signifies that business continuity is significantly impacted by the literacy of risk in financial technology among Yogyakarta's MSMEs. The results explain that they are significantly apprehensive regarding data and financial security issues. They are concerned about the possibility of data security breaches or the theft of financial information, which could harm their business and reputation. Therefore, inadequate knowledge regarding the intricacies of FinTech operations and a dearth of confidence in its proper utilization are pivotal factors influencing its adoption. Guarantees regarding the dependability and security of the FinTech platforms utilized are essential. When individuals perceive an excessive trust risk, they might resist adopting FinTech.

## 6. CONCLUSION

The research findings indicate that both financial literacy and literacy of risk in financial technology exert a substantial impact on the continuation of company operations in MSMEs located in Yogyakarta. Conversely, financial literacy utilization does not substantially impact their uninterrupted operation in Yogyakarta. This issue stems from a deficiency of technology comprehension or the digital realm's utilization for economic advancement. Their primary concern is the possibility of data security breaches or the theft of financial information since these incidents can negatively affect their business operations and reputation. In addition, entrepreneurs have not yet experienced the immediate advantages at now.

The government should regularly offer comprehensive education on financial management, financial goods, and the advantages and disadvantages of utilizing FinTech to ensure the long-term viability of businesses. Subsequent investigations are anticipated to concentrate on unexplored variables in this study, aiming to understand better the aspects that impact business continuity for participants. Additionally, a larger sample size will ensure that the final data is more typical of those in Yogyakarta. Regarding factors influencing business continuity, the author only uses financial literacy, financial technology, and the risk literacy of using FinTech. At the same time, many factors still influence financial management. It is recommended for future researchers to use small and medium enterprises as a larger sample so that the resulting data can be more representative of them in Yogyakarta.

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