

THE EFFECT OF FINTECH USE AND DIGITAL MARKETING ON THE FINANCIAL PERFORMANCE OF MSMEs IN SUKASIRNA VILLAGE, CIBADAK DISTRICT, SUKABUMI REGENCY

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Abstract

The digital era has transformed the business landscape for Micro, Small, and Medium Enterprises (MSMEs), particularly through the adoption of financial technology (fintech) and digital marketing. Sukasirna Village in Cibadak District, Sukabumi Regency, has significant MSME potential but still requires in-depth study on the impact of digital technology on business financial performance. This research aims to analyze the influence of fintech and digital marketing usage on the financial performance of MSMEs in Sukasirna Village, both partially and simultaneously, and to identify moderating factors in this relationship. This research uses a quantitative approach with a survey design. The study population consists of MSME actors in Sukasirna Village who have used fintech and/or digital marketing for at least one year. Data was collected through structured questionnaires and analyzed using Structural Equation Modeling (SEM) with SmartPLS software to test the causal relationships between variables. This research is expected to produce an empirical model that demonstrates the influence of fintech and digital marketing on the financial performance of MSMEs, and to provide strategic recommendations for optimizing the adoption of digital technology to improve the business performance of MSMEs in rural areas. The research findings can serve as a basis for decision-making for MSME actors in optimizing the use of digital technology, for local governments in formulating MSME digitalization policies, and for academics as a contribution to the development of technology adoption theory in the context of rural MSMEs.

Keywords: *fintech, digital marketing, MSMEs*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the Indonesian economy. According to Law Number 20 of 2008, MSMEs play a strategic role in absorbing labor, reducing poverty, and strengthening the local economy. Amidst globalization and digital transformation, MSMEs are required to be increasingly adaptive to market and technological changes (Wahyuningsih, 2024). One way to maintain their existence and increase their competitiveness is through a planned product innovation strategy and marketing transformation. Without innovation and adaptation to changes in the business environment, MSMEs risk being left behind in domestic and international market competition (Kusuma, 2020). Sukasirna Village, part of the Cibadak District, has unique geographic characteristics, with the majority of the population engaged in agriculture and trade. Despite its rural location, internet penetration and smartphone usage among the Sukasirna Village community have increased significantly in recent years. This situation presents a significant opportunity for local MSMEs to adopt digital technology in their business operations (Statistical Data on the Number of Micro, Small, and Medium Enterprises (MSMEs) in Sukasirna, 2024).

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Table 1 Number of MSMEs in Sukasirna Village 201-2024

Year	Number of MSMEs	Dominant Sector	Average Turnover/Month	Digitalization Rate (%)
2019	127	Agriculture & Trade (65%)	Rp. 8.5 million	12%
2020	135	Agriculture, Trade & Culinary (68%)	Rp. 9.2 million	24%
2021	148	Agriculture, Trade, Culinary & Crafts (70%)	Rp. 11.3 million	38%
2022	162	Agriculture, Trade, Culinary & Crafts (72%)	Rp. 13.7 million	52%
2023	178	Agriculture, Trade, Culinary & Crafts (75%)	Rp. 15.8 million	67%
2024	195	Agriculture, Trade, Culinary, Crafts & Services (78%)	Rp. 18.4 million	73%

Source: Sukasirna Village Monograph Data (2024), Sukabumi Regency Cooperatives and MSMEs Service (2024)

Based on the table, the number of MSMEs grew by an average of 8.9% per year from 2019 to 2024, with an average turnover increase of 116.5% over five years, and the increase in digitalization has been most pronounced, especially since the COVID-19 pandemic (2020-2021). Diversification of business sectors indicates dynamic local economic growth. From a financial performance perspective, a study (Iskandar et al., 2024) on MSMEs showed that MSMEs that integrate digital technology into their business operations have a Return on Assets (ROA) 8-12% higher than those that have not adopted it, with average profit margins increasing from 15% to 22-28%. However, fintech adoption still faces various substantive challenges, as revealed by (Najib & Fahma, 2020) who found that 67% of MSMEs experience digital literacy barriers, 58% have concerns about the security of digital transactions, and 52% complain about transaction costs that are considered burdensome for micro-businesses. This research is important considering the limited empirical studies on the influence of fintech and digital marketing on the financial performance of MSMEs, particularly at the village level (Sulaksono, 2020). Sukasirna Village was chosen as the focus of this research because it has diverse MSME characteristics and adequate access to technology, making it a representative for other rural areas in Sukabumi Regency. By understanding the actual conditions of digital marketing, financial performance, and challenges of fintech use in Sukasirna Village, this research is expected to produce applicable recommendations to improve MSME performance through the optimization of digital technology.

THEORETICAL BASIS

Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are productive economic units owned by individuals or business entities that are classified based on the criteria of net assets and total annual sales according to Law No. 20 of 2008, as well as the number of workers according to the standards of the Central Statistics Agency. (2013) As the main pillar of the national economy, MSMEs have unique characteristics that distinguish them from large businesses, namely the use of simple technology, informal management, and limited capital (Wahyuningsih, 2024). However, MSMEs have high operational flexibility and the ability to customize products specifically according to customer needs compared to large companies (Sulaksono, 2020). On the other hand, the development of MSMEs is currently driven by opportunities for digitalization, government policy support through inclusive financing such as the People's Business Credit (KUR), and global market access through e-commerce (Wirdiyanti et al., 2023). However, this potential is still limited by various structural issues such as low digital literacy, limited market access, and uneven human resource quality (Hidayat et al., 2024).

FINANCIAL TECHNOLOGY (FINTECH)

Financial Technology or Fintech is the integration of digital technological innovation into the financial system with the aim of creating faster, cheaper, more inclusive, and efficient financial services (Fajar & Larasati, 2021). As a digital transformation in the financial sector, fintech provides more flexible service alternatives compared to conventional institutions through five main categories: digital payments, funding (P2P lending and crowdfunding), wealth management, digital investment, and digital insurance (insurtech) (Fitriani & Mansur Chadi Mursid, 2025). In the MSME ecosystem, digital payment system services and P2P lending are the most influential instruments because they are directly related to the smoothness of daily transactions and expanding access to business capital without traditional bank intermediation (Hidayat et al., 2024). Fintech implementation provides tangible benefits for MSMEs in the form of increased operational efficiency through automation, reduced physical infrastructure costs,

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and improved digital financial literacy (Hidayat et al., 2024; Kusuma, 2020) . However, the adoption of this technology still faces significant challenges, such as low digital literacy in rural areas, limited internet infrastructure, and data security issues that trigger resistance or distrust among business actors towards digital platforms (Amalia et al., 2025) .

DIGITAL MARKETING

Digital marketing is a product or service promotion activity that utilizes digital technology and internet-based media to achieve marketing objectives more efficiently, interactively, and measurably (Wahyuningsih, 2024) . Unlike conventional methods, digital marketing has key characteristics such as the ability to be monitored in real-time, broad global reach, and high data-based personalization (Hasan, 2025) . Its implementation includes various types of strategies, ranging from search engine optimization (SEO/SEM), content marketing, social media, to collaboration with third parties through affiliate and influencer marketing (Rohimi, 2024) . The effectiveness of this digital marketing strategy is measured through various key indicators that reflect the consumer journey. According to (Kotler et al., 2017), these indicators include the level of attraction, optimization of curiosity, level of purchase commitment, and consumer affinity or loyalty. In addition, digital campaign performance is also assessed based on technical metrics such as traffic (visit volume), conversion rate (transaction success rate), and engagement (user engagement level), which allows business actors to conduct in-depth analysis to optimize business decisions dynamically.

RESEARCH HYPOTHESIS

H₁ : The use of social media has an impact on the development of MSMEs in Sukasirna Village.

H₂ : Financial Technology (Fintech) has an impact on the development of MSMEs in Sukasirna Village.

H₃ : The use of social media and Financial Technology (Fintech) has an impact on MSMEs in Sukasirna Village.

RESEARCH METHODS

This study uses a quantitative approach with a descriptive research type as commonly used in business research to describe phenomena systematically and objectively (Sugiyono, 2019; Thomas & Zubkov, n.d.) . This type of descriptive research is used to describe the characteristics of respondents and research variables, this study aims to highlight the conditions, variables, and phenomena in the field (2025) and present them as they are. This research is a correlational study. This correlation study is the relationship between two variables, not only in the form of cause and effect but also reciprocity between the two variables (Sugiyono, 2018). The type of data used in this study is primary data. Primary data are individual respondents, focus groups and the internet can also be a source of primary data if the questionnaire is distributed through internet groups (Stewart & Shamdasani, 2017) . The sampling technique used is Purposive Sampling, namely sampling with certain criteria that have been determined by the researcher. The sample in this study was 195 MSMEs in Sukasirna Village in 2024. The study used the sample size determination formula stated by Slovin with a 10% error rate = 0.1. Therefore, the sample used in this study was 66 samples. The analytical tool used in the study was SPSS 24.

RESULTS AND DISCUSSION

Validation test

Based on the results of the tests conducted regarding validity using the product moment correlation formula with the help of SPSS software version 26, the results obtained can be seen in **Table 1** below:

Table 1 Validity Test Results

No	Variables		r_hitung	r_table	note
1	Use of Fintech (X1)	PN1	0.821	0.727	Valid
		PN2	0.847	0.727	Valid
		PN3	0.839	0.727	Valid
		PN4	0.768	0.727	Valid
		PN5	0.862	0.727	Valid
		PN6	0.835	0.727	Valid
		PN7	0.801	0.727	Valid
		PN8	0.859	0.727	Valid
		PN9	0.794	0.727	Valid
2	(X2)	PN1	0.743	0.727	Valid

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	Digital Marketing		PN2	0.826	0.727	Valid
			PN3	0.778	0.727	Valid
			PN4	0.851	0.727	Valid
			PN5	0.869	0.727	Valid
			PN6	0.883	0.727	Valid
			PN7	0.835	0.727	Valid
			PN8	0.857	0.727	Valid
			PN9	0.806	0.727	Valid
3	Financial Performance of MSMEs	(Y)	PN1	0.891	0.727	Valid
			PN2	0.903	0.727	Valid
			PN3	0.895	0.727	Valid
			PN4	0.887	0.727	Valid

Source: processed data 2025

Based on **Table 4.1** above, it can be explained that all variables used in this study are declared valid, this is because the correlation coefficient value obtained (r count) from each variable item exceeds the critical correlation value (r table) which is 0.727. So it can be concluded that all variable items from the instrument used by the researcher for collecting research data are declared valid and can be continued to the next stage.

Reliability test

Based on the results of the tests carried out regarding the reliability test using the Cronbach Alpha formula with the help of SPSS software version 26, the results obtained can be seen in **Table 2** below.

Table 2 Reliability Test Results

No	Variables		Cronbach's Alpha	r_table	Information
1	Use of Fintech	(X ₁)	0.945	0.6	Reliable
2	Digital Marketing	(X ₂)	0.936	0.6	Reliable
3	Financial Performance of MSMEs	(Y)	0.938	0.6	Reliable

Source: processed data 2025

Based on **Table 2** above, it can be explained that all variables used in this study are declared reliable. This is because the calculated value or Cronbach's Alpha (r) value obtained is greater than the r table value or critical correlation value (0.6). Therefore, it can be concluded that all variable items from the instrument used by the researcher for data collection are declared reliable and can be continued to the next stage.

Classical Assumption Test

There are three tests in the classical assumption, namely:

Normality Test

The purpose of the normality test is to understand all data from the variables used in the analysis, regardless of whether the data is normally distributed or not. The normality test can be determined by observing the Jarque Bera probability level found on lampposts. Based on the results of the data analysis, the Jarque Bera probability value is $0.491707 > 0.05$, so H₀ is obtained, which states that the residual data is normally distributed.

Heteroscedasticity Test

The heteroscedasticity test is used to detect differences in residual variance over the observation period. A key component of a good regression model is the absence of heteroscedasticity in the penguin results. The method for detecting heteroscedasticity can be seen from the P value, which indicates the Obs*R-squared value. You can see the results of data collection to identify heteroscedasticity in the table below:

Table 3 Heteroscedasticity Test Results
Heteroscedasticity Test: Breusch-Pagan-Godfrey

Test	Value	Test Statistics	Prob.
F-statistic	0.89234	Prob. F(2,87)	0.4134
Obs*R-squared	1.80216	Chi-Square Prob.(2)	0.4062
Scaled explained SS	1.24568	Chi-Square Prob.(2)	0.5365

Source: data processed with SPSS (2025)

From **Table 3** above, it can be seen that Prob. Chi-square (2) Obs*R-square is equal to $0.4062 > 0.05$, so accept H_0 , which means the regression model is homoscedastic, in other words, the model has no problem with the heteroscedasticity assumption.

1.2.1. Multicollinearity test

The multicollinearity test is used to understand the mutual independence of variables in a model. To pass the classical assumption, the multicollinearity test value must be at least 10. The complete data file for the multicollinearity test is as follows:

Table 4.8 Multicollinearity Test Results

Variable	Collinearity Statistics	
	Tolerance	VIF
Fintech Usage (X1)	0.452	2,212
Digital Marketing (X2)	0.452	2,212

Source: processed data 2025

Based on **Table 4** above, it is known that the tolerance value for variable X1 (social media users) and variable X2 (financial technology) obtained the same value, namely 4.52. The data obtained is greater than 0.10 ($4.52 > 0.10$). Meanwhile, the VIF value obtained for variable X1 (social media users) and variable X2 (financial technology) also obtained the same value, namely 2.212. The data obtained is known to be smaller than 10 ($2.212 < 10$). Therefore, based on the test results obtained, it can be concluded that there are no symptoms of multicollinearity in the regression model in this study.

Hypothesis Test Results

The analysis tool used in this study is Eviews 10 with multiple linear regression analysis, namely to analyze the influence of independent variables on dependent variables.

T-test (partial)

The t-test is used to partially examine the effect of each independent variable on the dependent variable. To see the results of this study's t-test, see the results of the multiple linear regression using Eviews 10 in the table below:

Table 5 Partial Test Results

Dependent Variable: MSMEs

Method: Least Squares

Date: 10/22/25

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.255907	1.32E-07	-1.701274	0.0441
Digital marketing	2.877516	9.52E-14	0.003014	0.0077
Financial Technology	1,000,000	3.38E-16	2.96E+15	0.0000

Source: processed data 2025

Based on **Table 5** above, it can be seen that the coefficient value of variable X1 (digital marketing) and variable x2 is 1.000000 and the probability value is $0.0000 < 0.05$, so the variable X1 The use of social media has a positive and significant effect on Y (MSMEs). And variable X2 (Financial Technology) obtains a coefficient value of 2.877516 and a probability value of $0.0077 < 0.05$, so the variable X2 has a positive and significant effect on variable Y (MSMEs).

F Test (Simultaneous)

The F-test is used to assess the simultaneous influence of independent variables on the dependent variable, regardless of whether it is statistically significant or not. If the P-value is less than the critical limit (0.05), then H1 is accepted. This study demonstrates the multiple regression F-test, as shown in **Table 4.10** below.

Table 6 Simultaneous Test Results			
Dependent Variable: MSMEs			
Method: Least Squares			
Date: 22/10/25 Time: 13:34			
R-squared	0.869222	Mean dependent var	3.18E+08
Adjusted R-squared	0.826145	SD dependent var	1.17E+08
SE of regression	9.66E-08	Akaike info criterion	-29.17058
Sum squared residual	3.73E-14	Schwarz criterion	-29.19376
Log likelihood	105.0970	Hannan-Quinn criter.	-29.45710
F-statistic	4.38E+30	Durbin-Watson stat	2.309524
Prob(F-statistic)	0.000000		

Source: processed data 2025

Based on **Table 6** above, it can be seen that the probability value of the F-statistic is $0.000000 < 0.05$, so the variables of the use of social media and financial technology simultaneously have a significant effect on MSMEs in Sukasirna Village.

Coefficient of Determination (R²).

The determination coefficient test aims to measure how far the independent variable can explain its influence on the dependent variable in the model used.

Table 7 Results of Determinant Coefficient Test

R-squared	0.869222
Adjusted R-squared	0.826145

Source: processed data 2025

Based on **Table 8** above, it is known that the coefficient of determination or R Square value obtained is 0.869. The results obtained indicate that the variables (Social media usage) (X1) and the variables (Financial Technology) (X2) have an effect on the MSME variable (Y) of 86.9%. While the remaining (13.1%) can be explained by other variables outside this research model.

CONCLUSION

Based on the results of research and discussion regarding the Influence of Fintech Use and Digital Marketing on the Financial Performance of MSMEs in Sukasirna Village, Cibadak District, Sukabumi Regency, the following conclusions can be drawn:

1. The use of Financial Technology (Fintech) has a positive impact on the financial performance of MSMEs in Sukasirna Village.

2. Digital marketing has a positive and significant impact on the financial performance of MSMEs in Sukasirna Village.
3. The simultaneous use of fintech and digital marketing has a significant impact on the financial performance of MSMEs in Sukasirna Village.

Thus, it can be concluded that the adoption of digital technology, both through fintech and digital marketing, is a strategic factor that plays an important role in improving the financial performance of MSMEs in Sukasirna Village.

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