

## Assessing MSMEs Financial Literacy For Business Sustainability: A Case Study of Bantul Regency

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**Abstract:** Micro, Small, and Medium Enterprises (MSMEs) play a vital role in Indonesia's economic development, particularly in Bantul Regency, Yogyakarta, which has one of the highest concentrations of MSMEs in the region. Despite their contribution, limited access to formal financing remains a persistent challenge, often linked to low financial literacy. This study assesses the financial literacy of MSME owners in Bantul, examines their financial management practices, and identifies factors influencing financial effectiveness using an explanatory sequential mixed-methods design. In the quantitative stage, survey data were collected from 31 purposively selected grocery-store MSME owners, measuring financial management, saving, and debt literacy. In the qualitative stage, semi-structured interviews explored the reasoning behind the survey responses and provided contextual understanding. Findings show that MSME owners exhibit uneven financial literacy across dimensions: saving and debt literacy appear relatively adequate, while financial management particularly bookkeeping and the separation of personal and business finances remains weak. Many respondents view financial recording as unnecessary due to small business scale and unstable income, indicating that financial knowledge has not yet translated into practical behavior. These results suggest that improving financial literacy requires not only conceptual understanding but also behavioral competence and supportive financial routines. The study enriches localized evidence on MSME financial literacy and highlights the need for practical, behavior-based financial education programs to strengthen financial capability. Enhancing these competencies is crucial for promoting long-term business sustainability, enabling MSMEs to manage risks more effectively, maintain operational stability, and improve their resilience amid economic fluctuations.

**Keywords:** Financial Literacy, MSMEs, Financial Management, Business Sustainability

## Introduction

In the context of national economic development, the role of Micro, Small, and Medium Enterprises (MSMEs) is one of the main pillars supporting Indonesia's economic stability, especially in facing global dynamics and economic crises. Based on data from the Ministry of Cooperatives and MSMEs (2021), the number of MSMEs reaches 64.2 million with a contribution to GDP of 61.07% or worth 8,573.89 trillion rupiah. That way MSMEs form the backbone of Indonesia's very diverse economy.<sup>1</sup> The contribution of MSMEs to the Indonesian economy includes the ability to absorb 97% of the total workforce and can raise up to 60.4% of total investment. The flexibility of MSMEs in adapting to market changes allows them to create new innovations and meet evolving consumer needs. In addition, MSMEs also play an important role in equitable economic development, especially in rural areas.<sup>2</sup>

Business is greatly influenced by various problems that are the main causes of business failure, namely lack of financial planning, limited access to funding, lack of capital, unplanned growth, low strategic and financial projections, excessive fixed asset investment, and capital mismanagement. In this case, the sustainability of a business or business is highly dependent on how it is managed and organized finance.<sup>3</sup> Organizing or managing business and business finances effectively is a way to maintain the flow of company funds so that there are no leaks that lead to financial losses. Money management is generally an activity of managing funds in everyday life carried out by an individual or group that has the aim of obtaining financial welfare.<sup>4</sup>

MSMEs face difficulties in preparing bookkeeping and financial reports. MSMEs financial reports are usually not divided into business financial reports and personal financial reports. As a result, MSMEs do not record the costs incurred, so the net profit generated cannot be known accurately. Lack of understanding and literacy regarding financial records is the reason the majority of MSMEs do not record the businesses they own.<sup>5</sup>

Strengthening business sustainability becomes increasingly critical for MSMEs, especially as they operate in environments characterized by uncertainty, fluctuating demand, and limited financial buffers. Business sustainability is not merely about keeping a business operational; it involves building long-term resilience through effective resource management, strategic planning, and the capacity to withstand external shocks. For MSMEs, sustainability requires consistent financial practices such as accurate bookkeeping, disciplined cash-flow management, and informed decision-making that enable businesses

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<sup>1</sup> Kementrian Koperasi & UKM, "Kontribusi UMKM terhadap perekonomian Indonesia," 2021, <https://ekon.go.id/publikasi/detail/2969/umkm-menjadi-pilar-penting-%20dalam-perekonomian-indonesia>.

<sup>2</sup> Yulya Ammi Hapsari et al., "Analisa Peran Umkm Terhadap Perkembangan Ekonomi Di Indonesia," *Jurnal Manajemen Dan Ekonomi Kreatif* 2, no. 4 (2024): 53–62.

<sup>3</sup> Hande Karadag, "Financial Management Challenges In Small And Medium-Sized Enterprises: A Strategic Management Approach," *EMAJ: Emerging Markets Journal* 5 (February 2015), <https://doi.org/10.5195/emaj.2015.67>.

<sup>4</sup> Eugene Nkwinika and Akinola S.A., "The Importance of Financial Management in Small and Medium-Sized Enterprises (SMEs): An Analysis of Challenges and Best Practices," *Technology Audit and Production Reserves* 5 (September 2023): 12–20, <https://doi.org/10.15587/2706-5448.2023.285749>.

<sup>5</sup> Nkwinika and S.A., "The Importance of Financial Management in Small and Medium-Sized Enterprises (SMEs)."

to anticipate risks and allocate resources more efficiently.<sup>6</sup> When financial literacy is low, MSMEs become more vulnerable to liquidity constraints, operational disruptions, and growth stagnation, making sustainable development difficult to achieve.<sup>7</sup> Developing strong financial capabilities is essential not only for day-to-day operations but also for ensuring that MSMEs can survive, compete, and grow in the long run.

At the regional level, the role of MSMEs is also highly significant, particularly in the Special Region of Yogyakarta (DIY). According to the Regional Development Planning Agency (Bapperida) report as of September 2025, the total number of MSMEs in Yogyakarta reached 347,391 units. Among these, Bantul Regency recorded the highest number, with 94,247 MSMEs. This figure indicates a high level of community participation in productive economic activities within the Bantul area. Nevertheless, the proportion of MSMEs credit to total credit in Yogyakarta in 2022 was only 25.60%, reflecting the limited access to financing for MSMEs actors, especially from formal financial institutions.<sup>8</sup>

This limited access to financing is often caused by the low level of financial literacy among business owners. Many MSMEs are still unable to maintain systematic bookkeeping, separate personal and business finances, or understand the importance of financial planning. Most MSME owners in Indonesia continue to face difficulties in preparing financial statements and recording transactions, making it challenging to accurately determine their net profit conditions.<sup>9</sup>

Several previous studies have emphasized the importance of financial literacy in improving the performance and sustainability of MSMEs in Indonesia. Research by Endang Sriningsih and Icha Mustamin revealed that financial literacy significantly influences MSMEs' ability to conduct financial planning, make investment decisions, and manage working capital.<sup>10</sup> Meanwhile, Putri Wahyuni found that the low understanding of MSMEs actors toward financial statements is one of the main barriers to accessing bank financing. Most micro-entrepreneurs still rely on simple, memory-based bookkeeping without formal documentation, making it difficult to evaluate financial performance objectively.<sup>11</sup> On the other hand, a study by Khairunnisa Febrianti Ariani et al. highlighted that financial literacy levels among urban MSMEs tend to be higher than those in rural areas due to differences in access to financial information and training.<sup>12</sup> The low level of financial literacy directly affects the ability of MSMEs to grow their businesses, manage capital, and access financial facilities from formal institutions. Improving financial literacy plays a crucial role in helping

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<sup>6</sup> Silvia Cantele and Alessandro Zardini, "Is Sustainability a Competitive Advantage for Small Businesses? An Empirical Analysis of Possible Mediators in the Sustainability–Financial Performance Relationship," *Journal of Cleaner Production* 182 (2018): 166–76.

<sup>7</sup> Elizabeth Stubblefield Loucks et al., "Engaging Small-and Medium-Sized Businesses in Sustainability," *Sustainability Accounting, Management and Policy Journal* 1, no. 2 (2010): 178–200.

<sup>8</sup> Bapperida, "Data UMKM Daerah Istimewa Yogyakarta," 2025, [https://bapperida.jogjapro.go.id/dataku/data\\_dasar/index/107-umkm?id\\_skpd=110&utm](https://bapperida.jogjapro.go.id/dataku/data_dasar/index/107-umkm?id_skpd=110&utm).

<sup>9</sup> Fauziah Manurung and Henny Indrawati, "PENGARUH TINGKAT LITERASI KEUANGAN TERHADAP PENGELOLAAN KEUANGAN PADA PELAKU UMKM (STUDI KASUS UMKM KERAJINAN TANGAN DI KOTA PEKANBARU)," *OIKOS: Jurnal Kajian Pendidikan Ekonomi Dan Ilmu Ekonomi* 7, no. 2 (2023), <https://journal.unpas.ac.id/index.php/oikos/article/view/8519>.

<sup>10</sup> Endang Sriningsih and Icha Mustamin, "Faktor-Faktor Penentu Keberhasilan Manajemen Keuangan Pada UMKM," *JISMA: Jurnal Ilmu Sosial, Manajemen, Dan Akuntansi* 3, no. 3 (2024): 1363–74.

<sup>11</sup> Putri Wahyuni, "Pemahaman Pelaku UMKM Tentang Pembiayaan Bank Syariah Di Kota Padangsidempuan" (PhD Thesis, IAIN Padangsidempuan, 2022), <http://etd.uinsyahada.ac.id/id/eprint/8143>.

<sup>12</sup> Khairunnisa Febrianti Ariani et al., "Peningkatan Literasi Keuangan Masyarakat Pedesaan Guna Mendorong Tingkat Inklusi Keuangan Indonesia Perspektif Hukum Perbankan," *Jurnal Multidisiplin Ilmu Akademik* 1, no. 6 (2024): 118–28.

in this sense, improving financial literacy is essential not merely for strengthening technical financial skills but also for supporting business sustainability, as financially literate MSMEs are better equipped to manage risks, allocate resources effectively, and remain resilient amid dynamic economic conditions.<sup>13</sup>

This study aims to present the current condition of MSMEs' financial literacy at the regional level by using recent empirical evidence from Bantul Regency in 2025 and linking it to the low proportion of MSME credit absorption in Yogyakarta. Accordingly, this research contributes to enriching the literature on financial literacy based on updated, localized data while providing a realistic picture of the structural challenges faced by micro-entrepreneurs in the region. The study specifically seeks to identify MSME owners' understanding of financial management, examine the financial practices implemented in their business activities, and analyze the factors influencing the effectiveness of financial literacy. The focus is directed toward how MSME owners comprehend, manage, and make decisions related to business finance including bookkeeping, the separation of personal and business finances, saving habits, and attitudes toward debt. By understanding these conditions, this research is expected to provide a comprehensive overview of MSMEs' financial literacy levels while serving as a foundation for developing practical capacity-building strategies that can strengthen both managerial competence and long-term business sustainability at the local level.

## Research Method

This study applied an explanatory sequential mixed-methods design. In the first stage quantitative, a survey questionnaire was used to measure the financial literacy of MSME owners. Respondents were selected using a purposive sampling technique based on specific criteria: they manage MSMEs in the form of grocery stores and live and run their businesses in the Bantul district. Respondents were grocery store MSME owners operating as retailers. Although a few respondents identified as wholesalers, they were retained in the sample since their business activities are closely related to small-scale retail operations.

The questionnaire consisted of nine dichotomous (Yes/No) questions adapted from Yakob et al. (2021) to ensure the validity of the items.<sup>14</sup> The questions covered three dimensions of financial literacy: financial management, savings literacy, and debt literacy. This quantitative stage aimed to systematically assess the level of financial literacy among respondents. The survey was conducted in July 2024, and data was collected via Google Forms, completed by the interviewer during the session with respondents. In total, 31 MSME owners participated in this stage.

In the second stage qualitative, semi-structured interviews were conducted with the same respondents to gain a deeper understanding of their perspectives and to explain the quantitative findings. This qualitative phase provided contextual insights into the reasons behind the survey results. Therefore, this design is categorized as explanatory sequential, where qualitative findings help to elaborate on and interpret the initial quantitative results.

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<sup>13</sup> Dwyanti Dwyanti, "The Importance of Financial Literacy in Financial Management in Micro, Small and Medium Enterprises (Msmes)," *Journal of Applied Management and Business* 5, no. 1 (2024): 1–6.

<sup>14</sup> Sajiah Yakob et al., "Financial Literacy and Financial Performance of Small and Medium-Sized Enterprises," *The Southeast Asian Journal of Management* 15, no. 1 (2021): 5.

## Results and Discussion

This section presents and discusses the findings from both the quantitative survey and the qualitative interview stages in line with the explanatory sequential mixed-methods design. The first part explains the results of the initial survey, which measured the level of financial literacy among MSME owners in Bantul district. The second part elaborates on insights gained from semi-structured interviews, which provide deeper explanations and contextual interpretations of the quantitative findings.

A general overview of the respondents' descriptive statistics from the quantitative survey is presented in Table 1. The respondents came from 12 sub-districts in Bantul, namely Bambanglipuro (3.23%), Banguntapan (16.13%), Bantul (9.68%), Dlingo (6.45%), Imogiri (12.90%), Jetis (3.23%), Kasihan (6.45%), Pajangan (6.45%), Sanden (9.68%), Sedayu (9.68%), and Sewon (9.68%). The types of businesses managed by respondents consisted of retail (16.13%) and wholesale (83.87%). In terms of business duration, most respondents had managed their businesses for more than 15 years (35.48%), followed by those who had been in business for 11–15 years (29.48%), 5–10 years (25.81%), and less than 5 years (9.68%).

**Table 1. Firm Profile**

	Frequenc y	Percen t
<b>Subdistrict</b>		
Bambanglipuro	1	3.23
Banguntapan	5	16.13
Bantul	3	9.68
Dlingo	2	6.45
Imogiri	4	12.90
Jetis	1	3.23
Kasihan	2	6.45
Pajangan	2	6.45
Piyungan	2	6.45
Sanden	3	9.68
Sedayu	3	9.68
Sewon	3	9.68
<b>Sector</b>		
Wholesaler	5	16.13
Retail	26	83.87
<b>Duration of Business</b>		
< 5 Years	3	9.68
5-10 Years	8	25.81
11-15 Years	9	29.03
> 15 Years	11	35.48

Source: Author (2025)

The results of the survey, as summarized in Table 2., reveal varying levels of financial literacy among MSME owners in Bantul Regency across three main dimensions: financial management, saving literacy, and debt literacy.

**Table 2. Result**

Indicator	Yes	No	Yes (%)	No (%)
<b>Financial Management</b>				
Financial Record	7	24	22.6	77.4
Financial Separation	13	18	41.9	58.1
Financial Decision Making	12	19	38.7	61.3
<b>Saving Literacy</b>				
Regularly Saving	18	13	58.1	41.9
Saving Utilization	21	10	67.7	32.3
Saving Plans	20	11	64.5	35.5
<b>Debt Literacy</b>				
Debt Avoidance	15	16	48.4	51.6
Debt Risk	27	4	87.1	12.9
Taking on Debt	20	11	64.5	35.5

Source: Author (2025)

In the Financial Management dimension, only 35.1% of respondents on average answered “Yes” to the three indicators, while 64.9% answered “No.” This indicates that most MSMEs actors still have limited understanding and practice in managing their business finances. Specifically, only 22.6% of respondents maintain financial records, 41.9% separate business and personal finances, and 38.7% make independent financial decisions. These findings demonstrate that bookkeeping and structured financial planning are still rarely practiced among small business owners.

Interview results further support these quantitative findings. Many respondents admitted that keeping financial records was perceived as too complicated and unnecessary given their business scale.

As one respondent stated:

*"Saya tidak bisa melakukan pencatatan keuangan karena saya tidak memahami caranya dan terasa terlalu rumit. Mengingat skala usaha yang saya jalankan masih kecil, saya merasa pencatatan keuangan tidak terlalu diperlukan".<sup>15</sup>*

Another respondent also mentioned that price fluctuations made financial recording difficult, leading him to discontinue the practice:

*"Saya pernah melakukan pencatatan keuangan sebelumnya tetapi akhirnya berhenti karena harga barang yang berfluktuasi membuat pencatatan menjadi sulit. Akhirnya saya memutuskan untuk berhenti mencatat".<sup>16</sup>*

These responses reflect that the low level of financial management among MSME owners is not solely due to lack of awareness but also to perceived complexity and habitual practices. Most respondents tend to mix personal and business finances, making it difficult to monitor financial performance or determine business profit accurately.

<sup>15</sup> Male, Dlingo, Bantul, “Wawancara Responden UMKM,” 2024.

<sup>16</sup> Male, Sewon, Bantul, “Wawancara Responden UMKM,” 2024.

In the Saving Literacy dimension, the results show a relatively higher level of understanding, with 63.4% of respondents on average answering “Yes.” Specifically, 58.1% of respondents save regularly, 67.7% utilize their savings for business purposes, and 64.5% have specific saving plans. These findings indicate that MSME owners in Bantul generally recognize the importance of saving, particularly as a safety net for business continuity. However, the qualitative findings reveal that saving practices remain unstructured and are often hindered by weak financial management.

One respondent stated:

*"Cukup sulit menyisihkan uang untuk pengembangan usaha, mengatur keuangan, dan membagi keuangan pribadi dengan keuangan usaha. Karena saya tidak begitu memahami caranya dan terasa terlalu rumit bagi saya." <sup>17</sup>*

Another respondent mentioned:

*"Saya tidak melakukan hal ini karena sudah menjadi kebiasaan bahwa uang yang diterima akan langsung diputar kembali untuk membeli barang toko dan untuk kebutuhan pribadi." <sup>18</sup>*

These answers suggest that although MSME owners understand the importance of saving, their low financial management skills limit their ability to manage cash flow effectively. The behavior of reinvesting daily income directly without financial planning illustrates the absence of systematic saving behavior.

In the Debt Literacy dimension, respondents showed the highest level of understanding, with 66.7% answering “Yes.” A large majority (87.1%) understand debt risks, while 64.5% admit they would consider taking debt if necessary, and 48.4% actively avoid unnecessary borrowing. This pattern demonstrates that MSME owners tend to be cautious and responsible regarding debt. Interview data reinforces this finding: many respondents expressed that they avoid borrowing, not only because of fear of financial burden but also due to limited eligibility for formal financing.

One respondent explained:

*"Saya belum dapat mengakses pembiayaan karena saya tidak memiliki pendapatan tetap." <sup>19</sup>*

These insights suggest that while MSMEs actors understand the risks associated with borrowing, their avoidance of debt is often rooted in structural constraints rather than purely personal preference. The absence of stable income prevents many small business owners from meeting the requirements of formal credit institutions, leading them to rely on self-funding or informal financial sources. Consequently, this reflects both low financial inclusion and the need for more flexible financing schemes tailored to the income patterns of micro and small entrepreneurs.

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<sup>17</sup> Female, Pajangan, Bantul, “Wawancara Responden UMKM,” 2024.

<sup>18</sup> Female, Bantul, Bantul, “Wawancara Responden UMKM,” 2024.

<sup>19</sup> Male, Sanden, Bantul, “Responden UMKM,” 2024.

## Understanding the Dynamics Behind MSME Financial Literacy

The combination of survey and interview findings shows that financial literacy among MSMEs in Bantul is partial and uneven across dimensions. While saving and debt literacy levels appear relatively good, fundamental financial management skills remain low. This imbalance suggests that MSME owners understand basic financial principles but lack the practical ability to apply them consistently.

Although the percentages for saving and debt indicators are relatively higher, further interviews reveal that this does not always reflect a deep understanding of financial concepts. Many respondents save irregularly or without a clear financial goal, often treating savings as residual money rather than a structured financial plan. Similarly, the avoidance of debt among MSME owners often stems from fear or lack of access to formal financing, rather than an informed decision based on risk assessment or repayment strategy. These findings indicate that surface-level financial awareness does not necessarily translate into sound financial behavior, highlighting the need for targeted education programs that emphasize both conceptual understanding and practical application of financial literacy.<sup>20</sup>

These findings are consistent with several previous studies that also identified uneven levels of financial literacy among MSMEs. For instance, small business possess basic financial awareness but lack applied financial management skills, particularly in record-keeping and budgeting.<sup>21</sup> Similarly, MSMEs in Indonesia found that while many entrepreneurs understand the importance of saving and avoiding excessive debt, they often do not implement systematic financial planning due to limited income stability and access to credit.<sup>22</sup> This contrasts slightly with the other findings, which indicated higher levels of financial management literacy among urban MSMEs suggesting that geographical and contextual differences significantly influence financial literacy outcomes.<sup>23</sup>

Overall, the data show that improving MSME financial literacy requires not only strengthening knowledge but also addressing behavioral and structural barriers such as habitual cash-flow mixing, lack of confidence in bookkeeping, and the perceived complexity of financial documentation. Thus, education programs must go beyond conceptual training and prioritize practical, hands-on guidance tailored to the realities of micro-business operations.

## Why Financial Literacy Matters Business Sustainability

Building on these insights, financial literacy emerges as a foundational component of MSME business sustainability. Enterprises that cannot separate business from personal finances, maintain accurate financial records, or plan expenditures strategically are more vulnerable to cash-flow disruptions, cost fluctuations, and operational instability. Instead of supporting long-term business growth, weak financial practices keep many MSMEs trapped

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<sup>20</sup> Amelia Setyawati et al., “Empowering MSMEs: The Impact Of Financial Literacy And Inclusion: Systematic Literature Review,” *International Journal of Economics and Management Research* 2, no. 3 (2023): 121–38.

<sup>21</sup> Annamaria Lusardi and Olivia S. Mitchell, “The Economic Importance of Financial Literacy: Theory and Evidence,” *Journal of Economic Literature* 52, no. 1 (2014): 5–44, <https://doi.org/10.1257/jel.52.1.5>.

<sup>22</sup> Muhammad Hikmal Yazid, “Mengurai Hubungan Literasi Keuangan dan Pembiayaan UMKM: Studi Kasus Transformasi Ekonomi Mikro,” *Journal of Sharia Economics, Banking and Accounting* 2, no. 2 (2025): 79–92, <https://doi.org/10.52620/jseba.v2i2.175>.

<sup>23</sup> Indah Indah, “PENGARUH PEMBAYARAN DIGITAL DAN LITERASI KEUANGAN TERHADAP PERSPEKTIF KINERJA KEUANGAN UMKM DI KOTA PANGKALPINANG,” *Accounting Journal of Ibrahimy (AJI)* 2, no. 1 (2024): 58–69, <https://doi.org/10.35316/aji.v2i1.4776>.

in short-term survival patterns. Poor financial management significantly weakens SME survival prospects in emerging economies.<sup>24</sup>

Research consistently shows that financial literacy supports business continuity through improved financial planning, budgeting, and risk management. A recent empirical study in found that MSMEs with stronger financial literacy demonstrate better financial management and significantly higher indicators of business sustainability.<sup>25</sup> Other studies also confirm that financial literacy positively influences SME performance and long-term business growth by enabling owners to make informed financial decisions and manage uncertainty effectively.<sup>26</sup> These findings reinforce the idea that financial literacy is not merely a technical skill but a strategic asset for long-term business viability.

In the context of Bantul's MSMEs, the low level of financial management literacy identified in this study highlights a structural vulnerability. Without the ability to track financial performance or plan for future expenses, these enterprises are less equipped to absorb shocks such as price fluctuations, changes in demand, or rising operational costs. SMEs with weak record keeping and inconsistent financial planning face higher risks of business discontinuity.<sup>27</sup> These patterns underscore the need for targeted capacity-building programs that translate financial knowledge into practical, day-to-day business operations.

Regular Training and Coaching (RTC) programs focused on bookkeeping, cash-flow management, saving strategies, and responsible debt use offer a practical pathway toward strengthening business sustainability.<sup>28</sup> Such interventions help MSME owners shift from reactive decision-making to proactive planning, enhancing resilience and reducing dependency on unstable or informal financial mechanisms. Prior studies affirm the value of continuous training, showing that tailored financial education can significantly improve SME financial capabilities and operational resilience.<sup>29</sup> As local governments, financial institutions, and community organizations collaborate to deliver these training courses, MSMEs can develop more stable and sustainable financial foundations, ultimately contributing to stronger and more resilient local business ecosystems.

## Conclusion

This study examined the financial literacy of MSME owners in Bantul Regency, focusing on financial management, saving, and debt practices. The findings show that financial literacy remains uneven: saving and debt literacy appear relatively strong, but core financial management skill as bookkeeping, financial separation, and planning are still

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<sup>24</sup> John O. Okpara, "Factors Constraining the Growth and Survival of SMEs in Nigeria: Implications for Poverty Alleviation," *Management Research Review* 34, no. 2 (2011): 156–71.

<sup>25</sup> Ida Ayu Putu Ratna Dewi and Ica Rika Candraningrat, "Relationship of Financial Literacy and Financial Performance to Business Sustainability: Study on MSMEs in Denpasar City," *International Research Journal of Management, IT and Social Sciences* 9, no. 4 (2022): 598–611.

<sup>26</sup> Samuel Adomako and Albert Danso, *Financial Literacy and Firm Performance The Moderating Role of Financial Capital Availability and Resource Flexibility.*, International Journal of Management & Organizational Studies, 2014.

<sup>27</sup> Muhammad Al Berto et al., "Empowerment of Women-Owned Businesses through Islamic Financial Inclusion Instruments: The Role of Crowdfunding," *Jurnal Ekonomi Dan Bisnis Islam (JEBI)* 5, no. 1 (2025): 1–14, <https://doi.org/10.56013/jebi.v5i1.3831>.

<sup>28</sup> Vincent Adela et al., "Bookkeeping Practices and SME Performance: The Intervening Role of Owners' Accounting Skills," *Heliyon* 10, no. 1 (2024), [https://www.cell.com/heliyon/fulltext/S2405-8440\(23\)11119-4?uuiid%3Adb99232d-2d95-437d-89ae-8974522494ae](https://www.cell.com/heliyon/fulltext/S2405-8440(23)11119-4?uuiid%3Adb99232d-2d95-437d-89ae-8974522494ae).

<sup>29</sup> Anthony Abiodun Eniola and Harry Entebang, "SME Managers and Financial Literacy," *Global Business Review* 18, no. 3 (2017): 559–76, <https://doi.org/10.1177/0972150917692063>.

weak. Interviews reveal that many respondents view financial recording as complicated or unnecessary, indicating that basic awareness has not yet into consistent financial behavior. Debt avoidance is also largely driven by unstable income and limited access to formal financing rather than informed decision-making.

These results highlight the need for financial literacy programs that emphasize behavioral change and practical application. Strengthening financial management is not only essential for improving day-to-day financial capability but also for supporting long-term business sustainability, as weak financial practices make MSMEs more vulnerable to cash-flow shocks and operational instability. Targeted capacity-building initiatives such as Regular Training and Coaching (RTC) in bookkeeping, cash-flow management, saving strategies, and responsible debt use can help MSMEs shift from reactive decision-making toward more structured and sustainable business practices.

This study has several limitations. The sample size was relatively small and confined to MSMEs in Bantul Regency, which limits the generalizability of the findings. Future research could expand the sample, apply more detailed measurement scales, and include comparative analyses across regions or business sectors. Strengthening collaborative financial literacy programs involving local governments, financial institutions, and educational bodies is also crucial to enhance MSMEs financial capacity and promote sustainable regional economic growth.

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