FINANCIAL LITERACY, FINTECH, AND MSME PERFORMANCE: THE MODERATING ROLE OF BUSINESS EXPERIENCE

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Abstract

This study examines the effects of financial literacy and FinTech adoption on MSME performance and investigates the moderating role of business experience. A quantitative explanatory design was employed involving 101 MSME owners or managers in Suli, Central Maluku Regency, selected through purposive sampling. Data were collected using a Likert-scale questionnaire and analyzed using SmartPLS. The findings indicate that financial literacy and business experience have positive and significant effects on MSME performance, whereas FinTech adoption does not have a significant direct effect. Business experience also fails to moderate the relationships between financial literacy and MSME performance and between FinTech and MSME performance. The model demonstrates adequate explanatory and predictive relevance. These findings suggest that MSME performance is driven more strongly by internal capabilities related to financial knowledge and accumulated business experience than by the mere adoption of financial technology. From a Resource-Based View perspective, financial literacy and business experience represent valuable internal resources that contribute to performance when effectively applied, while the benefits of FinTech depend on how well it is integrated into business processes. The study highlights the importance of strengthening financial literacy, experiential learning, and strategic technology utilization to improve MSME performance.

Keywords: F*inancial Literacy, FinTech, Business Experience, MSME Performance, Resource-Based View*

A. Introduction

Micro, small, and medium-sized enterprises (MSMEs) play an important role in the economy by creating employment opportunities, generating household income, and strengthening local economic activity. Nevertheless, the ability of MSMEs to sustain and improve performance depends not only on the products they offer or the markets they serve, but also on owners' or managers' ability to utilize available resources effectively. This challenge has become increasingly relevant as business activities undergo digital transformation. MSME owners are expected not only to understand their businesses' financial condition but also to use technology-based financial services to support transactions and business activities. The key issue is that financial knowledge and access to technology do not necessarily produce the same performance outcomes. MSMEs with relatively similar resources may achieve different results because owners differ in their ability to utilize and adapt those resources to business needs (Affandi et al., 2024; Caraka et al., 2025; Rumtutuly, 2025; Yusra et al., 2026). This suggests that the relevant question extends beyond identifying the resources MSMEs possess or use to understanding the extent to which those resources generate value for business activities and performance in increasingly competitive environments.

This issue can be explained through the Resource-Based View (RBV), which regards internal resources and capabilities as fundamental to understanding differences in organizational performance. In this study, financial literacy is viewed as a knowledge-based resource, FinTech adoption represents the utilization of technology-based resources, and business experience is conceptualized as an experience-based resource developed through direct involvement in running a business. However, the presence of resources does not guarantee value creation unless they are used appropriately. Financial knowledge becomes meaningful when it informs decision-making, while technology generates benefits when its use is aligned with business activities. RBV-based studies also suggest that the value of technology depends on

business owners' ability to connect it with business needs and processes (Anning-Dorson & Senanu, 2026; Mahastanti et al., 2026; Rumtutuly, 2025; V. Singh et al., 2025). Accordingly, RBV is employed in this study not only to distinguish among different resource types but also to explain why resources owned or used by business actors may lead to different performance outcomes.

Applying RBV to the MSME context requires consideration of the owner-dependent nature of organizations. In small businesses, financial decisions, technology adoption, operational management, and business development are often directly controlled by the owner or manager. Consequently, the knowledge and experience embedded in owners are not merely individual characteristics; they also constitute part of the firm's internal resource base because they are directly applied in decision-making. This provides a basis for linking owner-level resources, such as financial literacy and business experience, to firm-level performance. In owner-managed MSMEs, the quality of owners' knowledge and experience becomes part of the resource base that shapes how the business responds to financial challenges, market changes, and technological developments.

One particularly relevant resource in this context is financial literacy. In many MSMEs, financial decisions remain largely under the control of owners or managers. Therefore, the ability to maintain financial records, understand revenues and expenses, use financing appropriately, prepare budgets, and determine profit allocation is important for effective overall business management (Agustina et al., 2022; Oladapo, 2024; Patty & Rumtutuly, 2024; Susanti & Putra, 2025). Previous studies show that financial literacy is associated with MSME performance and sustainability (Listyaningsih et al., 2024; Oladapo, 2024; Susanti & Putra, 2025). However, financial knowledge does not necessarily translate into the ability to apply it in actual business situations. An owner may understand the importance of financial recording or planning but may not use such information when determining working capital requirements, selecting financing alternatives, allocating profits, or planning business expansion. Therefore, the central issue is not simply how much financial knowledge an owner possesses, but whether it can be applied to decisions appropriate to the circumstances of the business.

The development of FinTech adoption presents a different issue. Financial technology provides MSMEs with greater convenience in conducting digital payments and transactions while also facilitating transactional interactions with customers. The use of QRIS, e-wallets, and digital payment applications makes payment processes more practical and has become part of the changing way in which MSMEs conduct daily activities. Such digitalization can improve transactional efficiency and broaden the range of financial services available to business owners (Caraka et al., 2025; Rumtutuly, 2025; Rumtutuly et al., 2025). However, technology adoption does not necessarily indicate that technology is being used productively. Digital payment services may remain limited to transactional functions without substantially changing how owners manage or develop their businesses. The literature also suggests that the benefits of digital financial services depend not only on technology availability but also on the capabilities and conditions of businesses using them (Anning-Dorson & Senanu, 2026; Mahastanti et al., 2026; Tandilino et al., 2025). Therefore, FinTech adoption in this study does not refer to the entire FinTech ecosystem; rather, it primarily reflects the use of digital financial services to support business transactions and payments. This distinction ensures that the conceptual discussion remains aligned with the specific technological aspects observed in the study.

Differences in the ability to utilize financial knowledge and technology draw attention to business experience. In this study, business experience is not understood merely as the number of years an individual has operated a business. Rather, it is conceptualized as practical learning accumulated through involvement in business management. Experience develops as owners encounter problems, understand operational processes, make decisions, interpret market changes,

and adjust business activities to developments in the business environment (Listyaningsih et al., 2024; Tete et al., 2024). From an RBV perspective, such experience represents an intangible resource that develops gradually and becomes embedded in the business owner. Experience may help owners recognize recurring problem patterns and draw on previous learning when dealing with new situations. However, experience is not synonymous with managerial capability and does not necessarily lead to stronger adaptive capacity. Experience not accompanied by continuous learning may reinforce reliance on long-established routines (Listyaningsih et al., 2024; Tete et al., 2024; Yusra et al., 2026). Accordingly, business experience is positioned as an experience-based resource, while problem-solving, decision-making, and business adaptation are understood as forms of practical learning that emerge from owners' involvement in running their businesses. The distinction between business length and experience encompassing learning and adaptation has received attention.

These characteristics provide a rationale for examining business experience not only as a resource associated with performance but also as a factor that may alter the relationship between other resources and MSME performance. In the relationship between financial literacy and performance, financial literacy provides the knowledge base required for financial management, whereas experience provides practical reference points that may assist owners in applying that knowledge to specific business conditions. Owners who have encountered a wider range of business problems may possess experience that helps them assess the relevance of financial information to current decisions. A similar mechanism may operate in relation to FinTech adoption. Business experience may provide owners with a deeper understanding of customer characteristics, transaction patterns, and operational requirements, thereby offering a stronger basis for assessing the relevance of technology to business activities. Nevertheless, business experience does not automatically improve technology use because business experience and digital capability represent distinct attributes. Therefore, the moderating role of business experience remains an empirical question to be tested rather than a relationship that can be assumed to occur automatically (Anning-Dorson & Senanu, 2026; Listyaningsih et al., 2024; Mahastanti et al., 2026).

Based on these arguments, the research gap extends beyond the limited number of studies examining business experience as a moderator. A more fundamental issue is that previous studies have largely emphasized the direct relationships among financial literacy, technology use, and MSME performance, while these relationships do not fully explain why relatively similar resources may generate different levels of benefit. Financial literacy has been associated with the quality of business management and performance, while digitalization offers opportunities to enhance efficiency and access to financial services (Junarsin et al., 2023; Oladapo, 2024; Susanti & Putra, 2025; Tandilino et al., 2025). However, studies on digital financial services also emphasize that technology benefits are influenced by the capabilities and context of its users (Anning-Dorson & Senanu, 2026; Mahastanti et al., 2026; A. Singh et al., 2026) At the same time, business experience is frequently represented by business duration, although learning acquired through problem-solving, decision-making, and adaptation may differ from business length alone (Listyaningsih et al., 2024; Tete et al., 2024; Yusra et al., 2026). Therefore, further explanation is needed regarding the conditions under which knowledge-based and technology-based resources generate different levels of value for MSME performance.

To describe this issue, the study employs the term resource-conversion gap as a conceptual framing. The term refers to the gap between resources owned or used by MSMEs and the performance value obtained from those resources. The resource-conversion gap is not proposed as a new theory or construct, nor does this study directly measure the resource-conversion process. Instead, the term emphasizes that possessing financial knowledge or using technology does not necessarily correspond to the same level of

performance across businesses. Business experience is tested as a moderator to examine whether differences in owners' experience alter the relationships between financial literacy and FinTech adoption, on the one hand, and performance, on the other. Within these boundaries, the study does not claim to explain the entire mechanism through which resources are converted into performance. Rather, it seeks to provide evidence regarding one relevant condition that may help explain differences in performance value obtained from knowledge-based and technology-based resources (Anning-Dorson & Senanu, 2026; Mahastanti et al., 2026; Pandey et al., 2025).

This issue becomes particularly relevant when examined among MSMEs in Suli, Central Maluku Regency. An island-based economic context may present distinctive business conditions in terms of market reach, service accessibility, connectivity, and technology utilization. However, this study does not assume that all MSMEs in island regions face the same constraints, nor does it directly compare Suli with major urban economic centers. Suli is positioned as the empirical research context, while characteristics related to financial and digital access are used to understand the environment in which relationships among the study variables are examined (Affandi et al., 2024; Kurniawan et al., 2023; Ramayanti et al., 2024). This approach allows location-specific characteristics to contextualize the findings without making geographical differences the sole basis of the study's novelty. Accordingly, the generalizability of the findings should remain sensitive to sample characteristics and the business environment in which the study was conducted.

Based on these gaps, the study entitled "Financial Literacy, FinTech Adoption, and MSME Performance: The Moderating Role of Business Experience" positions its contribution in extending the RBV discussion from the presence of resources toward differences in the performance value obtained when those resources are used in the MSME context. Unlike previous studies that use business length as a proxy for experience or examine financial and technological capabilities primarily through direct relationships, this study conceptualizes business experience as an experience-based resource reflecting practical learning and examines its role alongside financial literacy and FinTech adoption within a single model (Listyaningsih et al., 2024; Mahastanti et al., 2026; Tandilino et al., 2025). The contribution does not lie in claiming that the study observes the resource-conversion process, but in testing whether owner experience represents one condition that differentiates the strength of relationships between financial knowledge, technology adoption, and performance. Contextually, the study also provides evidence from MSMEs operating in an island-based economic environment that has received limited attention in research on financial literacy and technology utilization.

B. Methodology

This study employed a quantitative approach with an explanatory, cross-sectional design to examine the structural relationships among financial literacy, FinTech adoption, business experience, and MSME performance, while also assessing the moderating role of business experience in the relationships between financial literacy and MSME performance and between FinTech adoption and MSME performance. Because the data were collected at a single point in time, the relationships examined were interpreted as structural associations grounded in the theoretical framework rather than as evidence of temporal causality. The study was conducted among MSMEs in Suli, Central Maluku Regency, Maluku Province. MSMEs served as the unit of analysis, while owners or managers directly involved in financial decision-making, technology use, and business management served as key informants, with each MSME represented by one respondent. Respondents were selected using purposive sampling based on three criteria: the business was actively operating, the owner or manager was directly involved in business decision-making, and the business had been operating for at least one year. A total of 101 eligible respondents were included in the final sample. Sample adequacy

was assessed using sensitivity power analysis within a multiple regression framework, assuming a 5% significance level, 80% statistical power, and five predictors of MSME performance. The analysis indicated that a sample of 101 respondents was sufficient to detect a minimum effect size of approximately $f^2 = 0.135$ for the overall model and approximately $f^2 = 0.079$ for the incremental contribution of a single interaction effect while controlling for the remaining predictors. Thus, the sample provided adequate sensitivity for detecting small-to-moderate or larger effects, although its ability to detect very small moderation effects remained limited (Faul et al., 2007). Primary data were collected using a structured questionnaire measured on a five-point Likert scale ranging from 1 = strongly disagree to 5 = strongly agree. The data were subsequently screened for response completeness, respondent eligibility, and response consistency. Data analysis was conducted using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS because the study focused on explanation and prediction and involved latent constructs and interaction effects (J. Hair & Alamer, 2022; J. F. Hair et al., 2019; Hair Jr. et al., 2017). All constructs were modeled as reflective constructs based on their conceptualization and the relationships between the constructs and indicators adapted from previous studies. The measurement model was evaluated using outer loadings, Cronbach's alpha, composite reliability, average variance extracted (AVE), and the heterotrait-monotrait ratio (HTMT). The structural model was assessed using inner VIF, path coefficients, R^2, adjusted R^2, f^2, and Q^2. Hypotheses were tested using bootstrapping with 5,000 subsamples to obtain path coefficients, t-statistics, p-values, and 95% confidence intervals. Moderation was examined by constructing the interaction terms Financial Literacy × Business Experience and FinTech Adoption × Business Experience, while retaining the direct effects of all three constructs in the model to ensure that the moderation effects were interpreted in accordance with the specified structural relationships.

Table 1. Operational Definitions

Variable	Operational Definition	Indicators
Financial Literacy	The ability of MSME owners or managers to understand financial information and concepts and to apply this understanding in managing business finances and making decisions related to business activities (Oladapo, 2024)	1. Regularly records business financial transactions. 2. Understands how to use business loans appropriately. 3. Sets aside part of business profits for savings or business development. 4. Understands how to manage business income and expenses. 5. Regularly prepares a business financial budget. 6. Understands the differences among savings, credit, and investment.
FinTech	The extent to which MSMEs utilize technology-based financial services to support transactions, payments, access to financial services, and business financial management activities (Gunawan et al., 2023).	1. Uses QRIS/e-wallets for culinary business transactions. 2. Finds digital payment applications easy to learn and use. 3. Digital financial services make customer transactions faster and more convenient. 4. Perceives transactions conducted through digital financial applications as secure. 5. Frequently uses digital financial applications in daily business activities.
Business Experience	The accumulated experience of owners or managers in running a business, developed through involvement in decision-making, problem-solving, business management, and learning processes during business operations (Listyaningsih et al., 2024).	1. Has participated in business training or development programs. 2. Is able to resolve problems that arise in the business. 3. Has a good understanding of business operational processes. 4. Business experience supports effective business decision-making. 5. Is able to adapt the business to technological developments and changing market needs.
MSME Perfor	The level of business	1. Business sales have increased.

mance	achievement that reflects the success of MSMEs in conducting business activities and achieving business objectives (Affandi et al., 2024).	2. Business profits have increased over time. 3. The business is able to provide better products or services than previously. 4. Customers are satisfied with the products or services provided. 5. The business has experienced growth over time.tahun ke tahun.

C. Results and Discussion

Research Results

Construct Reliability and Validity Test Results

Based on the results presented in Table 2, all indicators of the main constructs, namely Business Experience (BE), Financial Literacy (FL), FinTech (FT), and MSME Performance, have outer loading values ranging from 0.799 to 0.909, indicating satisfactory indicator reliability. Hair et al. (2019) and Guenther et al. (2023) recommend outer loading values above 0.708, as this threshold indicates that a construct explains more than 50% of the variance in its indicators. The Cronbach's alpha values range from 0.873 to 0.913, while the composite reliability values range from 0.915 to 0.932. These results demonstrate satisfactory internal consistency reliability, as all values exceed the minimum threshold of 0.70 and remain below 0.95. Furthermore, the average variance extracted (AVE) values range from 0.696 to 0.781, exceeding the recommended minimum threshold of 0.50 and thereby confirming the convergent validity of all main constructs. These results are consistent with the guidelines of Hair Jr. et al., (2017), who recommend a minimum construct reliability value of 0.70 and an AVE value of at least 0.50. Overall, the main constructs in the research model demonstrate satisfactory indicator reliability, internal consistency reliability, and convergent validity, supporting their use in the subsequent structural model assessment. Meanwhile, FL × BE and FT × BE represent interaction terms constructed specifically to examine the moderating role of Business Experience; therefore, they are not evaluated using the same reliability and validity criteria applied to the reflective indicators of the main constructs.

Table 2. Results of Reliability and Construct Validity Tests

	Outer Loadings	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
BE1	0,856	0,905	0,929	0,725
BE2	0,821			
BE3	0,842			
BE4	0,857			
BE5	0,880			
FL1	0,834	0,913	0,932	0,696
FL2	0,847			
FL3	0,799			
FL4	0,850			
FL5	0,849			
FL6	0,826			
FT1	0,846	0,873	0,915	0,781
FT2	0,909			
FT3	0,896			
MSME P1	0,866	0,895	0,923	0,705
MSME P2	0,846			
MSME P3	0,837			
MSME P4	0,806			
MSME P5	0,842			
FL*BE	1,157	1,000	1,000	1,000
FT*BE	0,626	1,000	1,000	1,000

Heterotrait-Monotrait Ratio (HTMT) Test Results

The results of the Heterotrait-Monotrait Ratio (HTMT) assessment show that all correlations among the main constructs are below the recommended threshold of 0.85. The HTMT values for the main constructs range from 0.127 to 0.758, while the associations involving the interaction terms range from 0.059 to 0.489. The highest HTMT value, 0.758, is observed between Business Experience and MSME Performance, but it remains below the recommended threshold. J. F. Hair et al., (2019) suggest that HTMT values below 0.85 indicate adequate empirical distinctiveness among constructs, while a threshold of 0.90 may be applied as a more lenient criterion. This interpretation is also consistent with Guenther et al., (2023), who recommend HTMT thresholds of 0.85 or 0.90 for

assessing discriminant validity. Accordingly, the main constructs in the research model demonstrate satisfactory discriminant validity and are sufficiently distinct for subsequent structural model assessment. The interaction terms are retained specifically for testing the moderating effects and are therefore not interpreted as conventional reflective constructs in the discriminant validity assessment.

Table 3. Results of the Heterotrait-Monotrait Ratio Test (HTMT)

	BE	FL	FT	MSME P	Moderating Effect 1
BE					
BL	0,637				
BT	0,164	0,127			
MSME P	0,758	0,720	0,195		
Moderating Effect 1	0,063	0,059	0,153	0,096	
Moderating Effect 2	0,290	0,269	0,489	0,267	0,130

R Square Test Results

As presented in Table 4, the R^2 value of 0.585 indicates that 58.5% of the variance in MSME Performance is explained by the constructs included in the research model, while the remaining 41.5% is attributable to factors outside the model. Hair et al. (2019) explain that R^2 reflects the model's explanatory power for an endogenous construct, with values of 0.75, 0.50, and 0.25 generally representing substantial, moderate, and weak levels of explanatory power, respectively. Accordingly, the R^2 value of 0.585 indicates that the model has moderate explanatory power for MSME Performance. The adjusted R^2 value of 0.563 further shows that, after accounting for model complexity and the number of explanatory constructs, the model still explains 56.3% of the variance in MSME Performance. The relatively small difference between R^2 and adjusted R^2 suggests that the model's explanatory power remains stable after adjustment for model complexity. The use of adjusted R^2 is particularly relevant when multiple explanatory constructs are included in the model, as it provides a more conservative assessment of explanatory power by considering the number of predictors specified in the structural model (Guenther et al., 2023).

Table 4. Results of the R-squared Test

	R Square	R Square Adjusted
MSME Performance	0,585	0,563

f Square Test Results

Based on the f-square (f^2) results presented in Table 5, Business Experience has an f^2 value of 0.268, while Financial Literacy has an f^2 value of 0.212 in relation to MSME Performance. Both values indicate moderate effect sizes, suggesting that these two constructs make meaningful contributions to explaining variations in MSME performance. In contrast, FinTech Adoption has an f^2 value of 0.016, while Moderating Effect 1 and Moderating Effect 2 have f^2 values of 0.010 and 0.008, respectively. These values indicate very small or substantively limited effects on MSME Performance. J. F. Hair et al., (2019) suggest that f^2 values of 0.02, 0.15, and 0.35 may be interpreted as small, medium, and large effect sizes, respectively. Accordingly, Business Experience and Financial Literacy provide the most substantial contributions within the model, whereas the contributions of FinTech Adoption and the two moderating effects remain relatively limited.

Table 5. Results of the f-squareTest

	MSME Performance	Moderating Effect 1	Moderating Effect 2
BE	0,268		
FL	0,212		
FT	0,016		
MSME P			
Moderating Effect 1	0,010		
Moderating Effect 2	0,008		

Hypothesis

Based on the hypothesis testing results presented in Table 6, Business Experience has a positive and statistically significant relationship with MSME Performance, as indicated by a path coefficient of 0.430, a t-

statistic of 5.086, and a p-value below 0.001. Financial Literacy also shows a positive and statistically significant relationship with MSME Performance, with a path coefficient of 0.374, a t-statistic of 4.382, and a p-value below 0.001. In contrast, FinTech Adoption does not show a statistically significant relationship with MSME Performance, as reflected by a path coefficient of 0.102, a t-statistic of 1.161, and a p-value of 0.246. The moderation analysis further indicates that the interaction between Financial Literacy and Business Experience is not statistically significant ($\beta = -0.058$; $t = 1.076$; $p = 0.282$). Similarly, the interaction between FinTech Adoption and Business Experience is not significant ($\beta = -0.118$; $t = 0.894$; $p = 0.371$). These findings indicate that Business Experience is directly associated with MSME Performance, but the analysis does not provide sufficient empirical evidence that it strengthens or weakens the relationships between Financial Literacy and MSME Performance or between FinTech Adoption and MSME Performance. In PLS-SEM, the significance of structural relationships is typically assessed through bootstrapping by examining the path coefficients, t-statistics, and p-values, with statistical significance determined relative to the specified significance level (Hair Jr. et al., 2017). Bootstrapping is also used to obtain empirical sampling distributions and assess the statistical significance of path coefficients in structural models (J. Hair & Alamer, 2022)

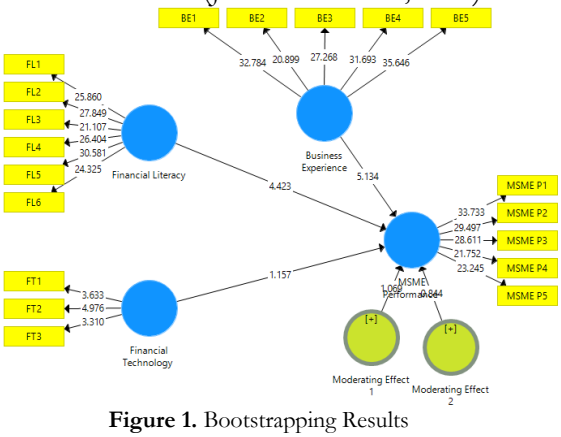


Figure 1. Bootstrapping Results

Table 6. Hypothesis Testing Results

	Original Sample	T Statistics	P Values
BE-> MSME P	0,430	5,086	0,000
FL-> MSME P	0,374	4,382	0,000
FT -> MSME P	0,102	1,161	0,246
Moderating Effect 1 -> MSME P	-0,058	1,076	0,282
Moderating Effect 2 -> MSME P	-0,118	0,894	0,371

Results of Predictive Relevance Assessment Using Blindfolding Procedure (Q^2)

Based on the blindfolding results presented in Table 7, MSME Performance has a Q^2 value of 0.393, indicating a moderate level of predictive relevance. This value is derived from a sum of squares observations (SSO) of 505.000 and a sum of squares errors (SSE) of 306.333. J. F. Hair et al., (2011) explain that a Q^2 value greater than zero indicates that the model has predictive relevance for the endogenous construct under investigation. J. F. Hair et al., (2019) further suggest that Q^2 values above 0, 0.25, and 0.50 may be interpreted as indicating small, medium, and large predictive relevance, respectively. Accordingly, the Q^2 value of 0.393 indicates that the model has adequate predictive relevance for MSME Performance. Business Experience, Financial Literacy, Financial Technology, and the two moderating effects do not have Q^2 values because these constructs are not specified as endogenous constructs to be predicted within the model.

Table 7. Results of Predictive Relevance Assessment Using Blindfolding Procedure (Q^2)

	SSO	SSE	Q^2 (=1-SSE/SSO)
Business Experience	505,000	505,000	
Financial Literacy	606,000	606,000	
Financial Technology	303,000	303,000	
MSME Performance	505,000	306,333	0,393
Moderating Effect 1	101,000	101,000	
Moderating Effect 2	101,000	101,000	

Model Fit

As presented in Table 8, the standardized root mean square residual (SRMR) is 0.064 for the saturated model and 0.066 for the

estimated model. Both values are below the recommended threshold of 0.080, indicating an acceptable level of model fit. Benitez et al., (2020) suggest that an SRMR value below 0.080 may serve as an indication of adequate model fit, although this threshold should be regarded as a general guideline in the context of PLS-SEM. The d_ULS value increases from 0.789 in the saturated model to 0.817 in the estimated model, while the d_G value increases from 0.453 to 0.460. Similarly, the Chi-square value rises from 258.289 to 264.541. However, a formal assessment of d_ULS and d_G requires comparison with their corresponding HI95 bootstrap-based critical values, which are not reported in the present table. The Normed Fit Index (NFI) is 0.819 for the saturated model and 0.814 for the estimated model, indicating only a small difference between the two model specifications. Overall, based on the fit indices that can be directly evaluated, particularly the SRMR, the proposed model demonstrates an acceptable level of fit. Nevertheless, model fit in PLS-SEM should be interpreted cautiously because the approach primarily emphasizes the model's explanatory and predictive capabilities rather than relying on global goodness-of-fit criteria in the same manner as covariance-based structural equation modeling (CB-SEM) (J. F. Hair et al., 2019)

Table 8. Model Fit

	Saturated Model	Estimated Model
SRMR	0,064	0,066
d_ULS	0,789	0,817
d_G	0,453	0,460
Chi-Square	258,289	264,541
NFI	0,819	0,814

Discussion

The findings indicate that MSME performance is more strongly associated with internal resources embedded in business owners or managers than with the use of financial technology. Financial literacy and business experience are positively associated with MSME performance, whereas FinTech adoption does not receive sufficient support as a factor related to improved performance. The study also does not provide sufficient evidence that business experience strengthens the relationships between financial literacy and MSME performance or between FinTech adoption and MSME performance. These patterns can be interpreted through the Resource-Based View (RBV), which explains differences in performance in terms of resource characteristics and the value generated through their use. This perspective has been applied in MSME research to explain why similar resources do not necessarily produce performance outcomes across firms (Telagawathi et al., 2022). In this study, financial literacy is regarded as a knowledge-based resource, business experience as an experience-based resource, and FinTech adoption as the utilization of a technology-based resource. The findings suggest that these resources differ in the value they contribute to MSME performance. The relationship between financial literacy and MSME performance highlights the importance of owners' or managers' ability to understand and use financial information in managing their businesses. Financial literacy in this study extends beyond knowledge of financial concepts and products to include the application of that knowledge through transaction recording, income and expense management, borrowing decisions, budgeting, and profit allocation. These practices provide an information base when owners assess funding needs, control expenditures, or determine how profits should be used. Financial information therefore serves not merely as an administrative record but also as a reference for business decision-making. This finding is consistent with Susanti and Putra, (2025), who emphasize the importance of financial literacy for MSME performance, including the ability to understand and manage financial risk. Listyaningsih et al., (2024) similarly report that financial literacy is associated with MSME performance and sustainability. From an RBV perspective, financial knowledge becomes a valuable resource when applied to support more informed management of business resources.

Business experience is positively associated with MSME performance. This suggests that

experience accumulated through running a business can provide reference points when owners confront problems and make decisions. In this study, business experience does not refer to the duration of business ownership. Rather, it reflects learning developed through involvement in operational activities, problem-solving, decision-making, and adjustment to changes in the business environment. Such experience is not equivalent to managerial capability, but it provides practical knowledge that owners can draw upon when facing familiar circumstances or new situations with similar characteristics. This finding is consistent with Ntshangase et al., (2026), who associate business experience with success and continuity. Tete et al., (2024) also emphasize the importance of learning and internal resources in strengthening MSME resilience. Within the RBV framework, experience can therefore be understood as an intangible resource that develops gradually through involvement in business activities and provides value for management.

In contrast, the study does not provide sufficient empirical evidence that FinTech adoption is associated with improved MSME performance. This finding, however, should not be interpreted as evidence that financial technology offers no benefit to MSMEs. The FinTech adoption construct in this study primarily captures the use of digital payments, ease of application use, transaction speed, perceived security, and the intensity of digital financial service use. One possible explanation is that respondents primarily use FinTech to facilitate transactions, meaning that its benefits may not necessarily extend directly to broader aspects of overall business management and development. The study does not directly measure the extent to which FinTech is integrated into financial planning, financing decisions, capital management, or business strategy. This explanation should therefore be treated as a plausible interpretation rather than a directly observed mechanism. The finding differs from Affandi et al., (2024); and Ningsih et al., (2025), who report positive relationships between digital technology or FinTech adoption and performance. This difference suggests that the value of technology may depend not only on whether it is adopted but also on its functions and depth of integration into business activities. Maryanti et al., (2026) argue that digital technology becomes more valuable when connected to business processes, while Tandilino et al. (2025) show that the benefits of digital financial capability may be associated with broader digital financial inclusion. From an RBV perspective, technology is better understood as a potential resource whose economic value depends on how it is utilized in business activities.

The moderation analysis does not provide sufficient evidence that business experience strengthens the relationship between financial literacy and MSME performance. The findings suggest that financial literacy and business experience may provide clearer independent value through their respective pathways than complementary value detectable within the model. Financial knowledge may remain useful for managing financial resources regardless of the owner's level of experience. Conversely, business experience may provide guidance for addressing business problems without automatically increasing the benefits derived from financial knowledge. This finding is consistent with Akhtar et al. (2024), who also found no support for a moderating role of experience in relationships involving financial literacy and digital financial access. However, it differs from Listyaningsih et al. (2024), who found that business length can strengthen the relationship between financial capabilities and MSME performance. This difference may reflect conceptual differences. Business length emphasizes the duration of business operations, whereas business experience in this study refers to accumulated practical learning developed through exposure to diverse business situations. From an RBV perspective, the presence of two valuable resources does not necessarily imply that they must interact synergistically to generate performance.

A similar pattern emerges in the relationship among FinTech adoption, business experience, and MSME performance. The study does not provide sufficient evidence

that business experience strengthens the relationship between FinTech use and performance. One possible explanation is that experience in running a business does not include experience in adopting or integrating financial technology. Business owners may have experience in customer management, production, marketing, or trading activities, yet such experience may not provide the knowledge required to use digital financial services strategically. Business experience should therefore not be treated as synonymous with digital capability. The island-based context of MSMEs is relevant because access to services, connectivity, and technological readiness may vary across regions. However, this study does not directly measure the extent to which such conditions constrain individual MSMEs in Suli, and contextual factors should not be treated as the sole explanation for the findings. Affandi et al. (2024) show that digital adoption is associated with internal firm conditions, the business environment, and connectivity quality. The benefits of FinTech may therefore arise from a combination of conditions not fully captured by the research model.

The nonsignificant moderation findings should be interpreted cautiously. The sensitivity power analysis indicates that the sample is adequately powered to detect small-to-moderate or larger effects, whereas the observed interaction effects are very small. Accordingly, the absence of statistical significance should not be interpreted as evidence that moderation mechanisms are entirely absent in the population. The findings indicate that the study does not provide sufficient empirical support for the moderating role of business experience in either relationship. This creates an opportunity for future studies to reassess these moderating mechanisms using larger samples, more heterogeneous MSME populations, and measures of business experience that capture learning processes in greater depth.

When interpreted through RBV, the theoretical contribution lies in distinguishing between the independent and complementary value of resources. Financial literacy and business experience demonstrate independent value in the model because both are positively associated with MSME performance. However, the study does not provide sufficient empirical evidence that business experience generates complementary value by strengthening the relationships between financial literacy or FinTech adoption and performance. Experience-based resources therefore appear to contribute through their own pathway rather than automatically enhancing the effectiveness of other resources. The lack of support for a direct relationship between FinTech adoption and performance suggests that widely accessible technologies may not necessarily differentiate performance when their use remains largely concentrated on limited functions. This interpretation remains within the boundaries of the empirical model because the study does not directly examine the process through which technology-based resources are converted into business outcomes.

The study provides empirical support for applying RBV in the MSME context by showing that different resources may generate value through different mechanisms. Knowledge-based and experience-based resources demonstrate clearer independent value, whereas the complementary value of business experience in strengthening the effects of financial literacy and FinTech adoption is not sufficiently supported in the model. These findings highlight distinguishing between resource ownership or use, the independent value generated by individual resources, and the additional value that may emerge when resources are combined. For MSMEs in Suli, the findings suggest that the use of financial technology alone is insufficient to explain variations in performance, while financial knowledge and learning accumulated through business experience remain resources for business management.

D. Conclusion and Recommendations

The findings indicate that MSME performance in Suli, Central Maluku Regency, is more closely associated with the quality of internal business resources than

with the use of financial technology alone. Financial literacy is positively related to performance because the ability to understand and manage financial information supports income and expenditure control, budgeting, financing decisions, and business development. Business experience is also important, as learning accumulated through problem-solving, operational management, and decision-making provides practical knowledge that supports business continuity. In contrast, FinTech adoption does not show a significant direct relationship with MSME performance. This finding suggests that the economic benefits of financial technology may remain limited when its use is concentrated mainly on transactional activities rather than being integrated into broader financial and business management. The study also provides insufficient evidence that business experience strengthens or weakens the relationships between financial literacy or FinTech adoption and MSME performance. Business experience therefore appears to contribute more directly to performance than to function as a moderating condition.

These findings provide additional empirical support for applying the Resource-Based View (RBV) to MSMEs by showing that business performance depends not only on resource availability but also on how resources are applied. Financial literacy represents a knowledge-based resource, business experience an experience-based resource, and FinTech a technology-based resource whose value depends on its use within business activities. The model also demonstrates adequate explanatory power and predictive relevance in explaining MSME performance. Practically, MSME development should not focus solely on expanding access to FinTech but should also strengthen financial literacy, experiential learning, and the ability to align technology with business needs. In island-based settings, these efforts should consider access to financial services, digital readiness, and business characteristics. Improving MSME performance therefore requires an approach that recognizes knowledge, experience, and technology as distinct but potentially complementary resources with different pathways through which they contribute to business outcomes.

Based on the findings of this study, efforts to improve MSME performance should focus on strengthening internal resources and enhancing the ability to convert these resources into business value. First, MSME owners and managers should develop financial literacy not merely as a form of knowledge, but by applying it to transaction recording, cash flow management, budgeting, financing decisions, and profit management. This is particularly important because financial literacy was found to have a positive and significant effect on MSME performance. Second, business experience should be developed as a continuous learning process through mentoring, problem-solving, decision-making, and adaptive capabilities, given that business experience positively affects MSME performance but does not significantly strengthen the effects of financial literacy or FinTech on performance. Third, MSME development programs and FinTech service providers should shift their focus from merely increasing technology adoption toward productive FinTech integration into financial record-keeping, cash flow monitoring, financial planning, and business decision-making. The finding that FinTech does not have a significant effect on performance does not imply that the technology is without value; rather, it highlights the need for deeper and more integrated utilization of FinTech within business processes. Future research should examine digital financial capability, financial management behavior, and managerial/adaptive capability using broader samples and longitudinal research designs to identify the mechanisms and conditions through which resources are converted into improved MSME performance.

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