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HOW FINANCIAL DIGITALIZATION LINKS FINANCIAL BEHAVIOR, FINANCIAL ATTITUDES, AND INFORMATION TECHNOLOGY TO SME PERFORMANCE

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Abstract
This research was conducted to analyze the influence of financial behavior, financial attitudes and information technology on the performance of food MSMEs in the Yogyakarta Special Region with financial digitalization as a mediating variable. The subjects of this research were food MSME actors in the Special Region of Yogyakarta with a sampling technique using purposive sampling so that the number of respondents in this research was 140 respondents. The method used in this research is descriptive quantitative with the analytical tools used are SPSS ver.26 and SmartPls ver.4 and data collection for this research uses a questionnaire. The results of this research indicate that Financial Behavior has a significant positive influence on the performance of food MSMEs in the province of D.I. Yogyakarta, Financial Attitudes have a significant positive influence on the performance of MSMEs, Information technology has a significant positive influence on the performance of MSMEs, Financial Digitalization has a significant positive influence on the performance of MSMEs, while Financial Behavior through financial digitalization has a significant positive influence on the performance of MSMEs, then Financial Attitudes through Financial digitalization does not have a significant positive influence on MSME performance, and Information Technology through financial digitalization has a significant positive influence on MSME performance.

Keywords: Financial Behavior, Financial Attitude, Information Technology, Financial Digitalization, MSME Performance

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) serve as the backbone and one of the pillars of the national economy. This is evident from their role in the economy, particularly their contribution to the Gross Domestic Product (GDP). MSMEs play a crucial role in the Indonesian economy by helping to level the economic playing field; their presence ensures that the daily needs of the community are met, and they help reduce poverty by creating new job opportunities, thereby lowering existing unemployment rates (Sandi, 2020).

The rapid development and massive progress of today's technology are inevitable. This is because the advancements in technology have kept pace with the rapid development of modern science. Every new creation and innovation is designed to bring positive benefits, provide significant convenience, and serve as a new method for conducting business activities. Moreover, we have already seen the results of information technology activities in society, particularly in recent years (Simarmata *et. al.,* 2021). Industrial development is an important and strategic component because it is the primary driver of economic growth. The data on the potential of small industries is shown in the table below:

Table 1. Food Industry Potential of Small and Medium Enterprises in DIY

No	Industrial Sector	Business Unit (Unit)	Workforce (People)	Investment Value (Rp. 000)	Production Value (Rp. 000)	Value of Raw Materials / Auxiliary Materials (Rp. 000)
1	Kota Yogyakarta	3.142	12.567	41.412.848	194.274.578	78.578.259
2	Sleman	6.457	22.263	62.015.648	364.871.660	135.913.427
3	Bantul	7.736	24.698	60.915.585	351.977.640	146.354.987
4	Kulonprogo	12.804	32.129	27.791.197	1.312.262.879	816.627.708
5	Gunung Kidul	10.059	25.172	57.510.965	353.759.048	146.209.808

(Source: Book on the Potential of SMEs, DIY Department of Industry and Trade)

MSMEs in DIY are dominated by the food processing industry. This sector contributes to employment in DIY, creating more job opportunities, increasing community income, and indirectly boosting value added, which ultimately improves community well-being. The uneven pace of digital transformation among MSMEs, particularly in the food sector, poses a challenge for business owners in adopting financial digitalization. Although some have utilized digital platforms, many do not yet fully understand the benefits or face technical and financial obstacles. This creates a gap between SMEs that have successfully adapted and those that have not. The financial attitudes and behaviors of food SME owners vary greatly, depending on educational background, experience, and social environment. However, the impact of these differences on the adoption of financial digitalization and business performance has not been thoroughly researched. Although information technology can improve efficiency and effectiveness in financial management, not all food SMEs utilize this technology optimally. Many still rely on less efficient traditional methods. This phenomenon highlights the need for research on how attitudes toward information technology influence financial digitalization and, in turn, business performance. This phenomenon creates a gap in understanding how these various factors interact with one another.

The factors that influence the performance of MSMEs include financial behavior, which is a combination of psychological and financial factors that examines how human mental, psychological, and external environmental factors influence the use of resources and financial systems. (Azizah, 2020). Therefore, financial behavior is crucial in determining whether an individual is financially successful or not. Findings. The findings of Asmin et al., (2021) indicate that financial behavior has a positive and significant effect on the financial performance of SMEs. In contrast, the study by Fitria et al., (2021) found that financial behavior and financial literacy do not have a significant effect on the performance of MSMEs. Financial attitudes can be defined as the way an individual thinks about, acquires, and evaluates their financial condition, which is then applied in concrete actions related to financial management. In Humaira & Sagoro, (2018) study, a positive relationship was found between financial attitudes and financial management behavior by business management. A similar study was conducted by (Esiebugie et al., (2018). This study demonstrated a positive relationship between financial attitudes and the financial performance of MSMEs.

Global competition and the need to accelerate business growth are the main reasons why MSME operators must leverage information and communication technology (Yunis

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et. al., 2017). Financial technology is a tool for boosting business productivity. A solid understanding of technology is essential for SMEs to compete in the industry 4.0 era. Such understanding is crucial for SMEs that still rely on conventional marketing methods, enabling them to adapt and leverage technology to meet the demands of this digital age. Research by (Aswandy & Mariyati, 2022) and Firdhaus & Akbar, (2022) indicates that information technology has a significant and positive impact on SME performance and makes a substantial contribution to SMEs. However, different results were found in Avriyanti, (2022) study, which states that information technology has no influence on the development of SME performance.

The digitalization of MSMEs refers to the practice or utilization of market intelligence for product development that can impact the growth of MSMEs in the technology sector (Wiyono, 2020). Financial digitalization involves the use of financial record-keeping applications and accounting information systems for MSME business activities. The digitalization of MSMEs is one solution to the challenges of the current digital era. The digitalization of MSMEs refers to the use of information and communication technology (ICT) in various aspects of business, such as production, marketing, financial management, and administration. Research by (Zudhianshah & Dewi, 2023) found that financial digitalization through the use of accounting information has a positive and significant effect on the performance of MSMEs.

The performance of small and medium-sized enterprises (SMEs) refers to the achievements or level of success of their operations, as reflected in their sales, capital, total number of employees, market share, and growing profits. (Susilo *et. al.*, 2022). The results are measured based on specific criteria or standards over a given period of time. Factors that influence the achievement of optimal performance include financial literacy, the business owner's education level, business location, age, and other factors.

Food MSMEs in the Special Region of Yogyakarta were selected as the subject of this study because the region possesses significant potential, as outlined in the food potential table, which supports robust business growth. This is further influenced by its strategic geographic location and proximity to various tourist destinations frequently visited by travelers. The abundance of tourist destinations in the Yogyakarta region presents an opportunity for food SMEs to create innovative food products to be marketed in these tourist areas. Advanced technology in operations has not yet been optimally utilized by SMEs, so business processes are not yet running effectively and efficiently. Furthermore, SME operators have not yet demonstrated financial behaviors that reflect responsible financial resource management, which ultimately creates problems for the development of their businesses. Financial behavior, financial attitudes, information technology, and financial digitalization have not been top priorities for food SMEs in the Special Region of Yogyakarta, thereby hindering their business development and resulting in suboptimal performance.

2. Theoretical Background

2.1 Financial Innovation

Financial innovation is a rapidly evolving concept in the context of corporate financial management. Innovation refers to the introduction, implementation, and execution of new practices or processes in the form of goods and services. Innovation can also involve the adoption of new models derived from other organizations, with the aim of bringing about change and progress in a specific context. Financial innovation is crucial for economic growth. Economic growth will thrive and improve significantly if a company implements changes in its financial practices commonly referred to as financial innovation. (Motsatsi, 2018). The more financial innovations MSMEs implement, the better their business performance will improve.

2.2 Financial Behavior

Financial behavior refers to an individual's ability to plan the use of funds, manage a budget, and handle and save money in daily activities (Dai & Suryanto, 2019). The findings of Esiebugie et al., (2018) indicate that financial behavior is one of the key factors contributing to a business's financial performance. Financial behavior refers to an individual's ability to manage daily financial aspects, such as planning, budgeting, monitoring, managing, controlling, acquiring, and saving funds (Iramani, 2013). Financial behavior refers to the way individuals manage and use their available financial resources. This encompasses the attitudes that develop as individuals plan and consider ways to obtain funds, save, manage financial risks, and balance their needs with the budget required to sustain their business. The behavior of MSME actors is influenced by demographic factors such as age, gender, and a lack of knowledge, and research also indicates that business size influences the behavior of MSME actors.

2.3 Financial Attitude

Financial literacy is the application of financial principles to create and maintain value through sound decision-making and effective resource management. In the business world, financial literacy can be enhanced by providing adequate financial information, which is managed by a financial manager. Financial literacy plays a crucial role in determining financial performance, as it is a combination of concepts, information, and emotional aspects. In Humaira & Sagoro, (2018) study, financial attitude is defined as financial knowledge formed with a focus on financial management.

2.4 Information Technology

Technology is intended to serve as a tool to aid decision-making, thereby providing greater benefits to information users, as leveraging information technology can reduce uncertainty (Lahagu et al., 2026). Technology refers to tools and systems developed by humans to provide goods and services that support sustainable living and comfort. With technology, work processes can be simplified and accelerated, which in turn enables the achievement of more optimal and efficient results. Some types of technology that can be utilized by MSME actors include information, communication, and industrial technologies, all of which are designed to support the smooth operation of small and medium-sized businesses. Rapid technological developments have influenced various trends, including in the field of marketing, which was previously conducted traditionally but has now shifted to digital platforms.

2.5 Financial Digitalization

Digitalization has become a driving force behind transformation in nearly every aspect of human life, and the financial sector is no exception. In an era where technology is reshaping how we interact with the world, financial digitalization has become key for SMEs to improve their performance and enhance efficiency. Financial digitalization, at its core, refers to the use of digital technology in financial management. This includes the use of online accounting software, bookkeeping apps, digital payment platforms, and various other technological solutions that help SMEs manage, track, and analyze their financial aspects. SMEs now have access to a wide range of apps available on the Google Play Store, which can be easily downloaded and used. Simple financial tracking apps, such as cash flow trackers, are particularly well-suited and easy for SMEs to implement.

2.5 MSME Performance

According to Regita & Iramani, (2020), MSME performance refers to the results achieved by MSMEs in line with their tasks or roles aimed at achieving their objectives. These results are achieved within a specific time period and measured using specific criteria or standards. Performance refers to the results achieved by individuals or companies in realizing their objectives. Optimal performance in finance, production, distribution, and marketing is crucial for SMEs to ensure their continued survival and growth. Business performance refers to the extent to which a company is able to achieve its objectives over a specific period. The better the performance demonstrated by a company, the more successful it is in implementing its planned strategies (Handika & Baridwan, 2018). A company's performance is measured by the extent to which it increases its revenue relative to its total revenue. There are three common approaches to assessing the performance of SMEs: first, SME performance is often measured quantitatively. Second, performance is generally assessed through financial indicators. Third, measuring success is often used in large companies with structured governance. According to Mutegi et al., (2015), SME performance refers to the results achieved by individuals, in line with their roles or responsibilities within a company over a specific period of time.

3 Methods

This study employs a quantitative approach, with the research subjects being food MSME operators in the Special Region of Yogyakarta. The research focuses on the independent variables Financial Behavior, Financial Attitudes, and Information Technology as well as the dependent variable, MSME Performance, with Financial Digitalization serving as the mediating variable. The study population includes all food MSME operators in the region, and the sample was determined using purposive sampling based on characteristics relevant to the research objectives. The minimum number of respondents used was 140, in accordance with the guidelines of Hair et al., (2022), which calculates the sample size based on variable indicators multiplied by a specific factor. Data collection was conducted via field questionnaires, which provided primary data, supplemented by a literature review to strengthen the theoretical foundation. The validity of the research instrument was tested using item-total correlation with Pearson's method, and its reliability was assessed using Cronbach's Alpha. Data analysis included descriptive analysis to describe the data in general and individually, as well as inferential analysis using Partial Least Square Structural Equation Modeling (PLS-SEM) with SmartPLS version 4. Hypothesis testing was performed by testing the structural model (inner model) to assess the relationships between latent variables through path coefficients and the significance of t-statistics. Furthermore, mediation analysis was conducted by calculating the direct effect, indirect effect, and total effect to assess the role of financial digitalization in strengthening the influence of independent variables on MSME performance.

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4. Results and Discussion

4.1 Results

This study focuses on food MSMEs in the Special Region of Yogyakarta because the food sector constitutes the largest share of the region's MSME composition, accounting for 46.90% of all MSMEs. Research data were collected through the distribution of questionnaires to food MSME operators. Of the 140 questionnaires distributed, 119 were deemed valid for analysis, while 21 were excluded. These figures form the basis for descriptive and inferential analyses to assess the role of financial behavior, financial attitudes, information technology, and financial digitalization on the performance of food MSMEs.

Table 1. Multicollinearity Test Results

Aspect	Dominant category	Total	Percentage	Results
Gender	Female	62	52,1%	The gender distribution among food MSME operators is relatively balanced, though slightly dominated by females.
Age	31-40 years old	41	34,5%	The respondents are of working age and actively manage their businesses.
Education	SMA/SMK	65	54,6%	Business management is often handled by individuals with a high school education.
Length of time in business	11-15 years old	47	39,5%	The majority of respondents have had considerable business experience.
Business revenue	Rp2.500.000-Rp5.000.000	45	37,8%	Most respondents fall into the medium turnover range within the sample category

Source: processed data (2026)

The results of the instrument validation test indicate that the questionnaire items met the criteria for initial validity, as evidenced by a Pearson correlation coefficient with a calculated r value above the critical value of 0.180 and a p-value of 0.000. The reliability of all variables also met the threshold of a Cronbach's Alpha > 0.70. Thus, the instrument is suitable for use because it consistently measures the research construct.

Tabel 2. Summary of Cumulative Description and Reliability

Variable	Strongly Agree	Agree	Alpha	Interpretation
Financial Behavior (X1)	34,7%	44,9%	0,851	Reliable; financial management tends to be sound.
Financial Attitude (X2)	34,7%	41,2%	0,864	Reliable; respondents have a positive attitude toward finance.
Information Technology (X3)	26,1%	56,3%	0,860	Reliable; technology widely used in operations.

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Variable	Strongly Agree	Agree	Alpha	Interpretation
Performance of MSMEs (Y1)	32,5%	35,9%	0,835	Reliable; business performance shows an upward trend.
Financial Digitalization (Y2)	29,6%	37,8%	0,743	Reliable; the use of digital financial tools is beginning to be implemented.

Source: data analysis, (2026)

Descriptively, the responses provided by the respondents were predominantly in the “agree” and “strongly agree” categories for all variables. In terms of financial behavior, the respondents appeared to have engaged in planning, budgeting, recording transactions, managing cash flow, and maintaining separate accounts for their businesses. This indicates that MSME operators in the food sector are beginning to recognize the importance of financial management for ensuring business sustainability.

Respondents’ financial attitudes also showed a positive trend, particularly regarding awareness of creating financial plans, evaluating financial performance, and understanding debt risks. However, the item regarding emergency savings still yielded a significant number of neutral responses. This indicates that some MSME operators have not yet fully established the routine practice of setting aside financial reserves, suggesting there is still room for improvement in strengthening the financial resilience of their businesses.

Regarding information technology, the majority of respondents use technology for digital payments, customer communication, social media marketing, and market expansion through digital platforms. Meanwhile, financial digitization is evident through the use of apps, e-wallets, mobile banking, and digital tools for business record-keeping and transactions. These findings show that digitization is not merely an additional tool but is increasingly becoming an integral part of the business processes of food SMEs.

Table 3. Results of the Hypothesis Testing

Hypothesis	Relationship between variables	Beta	t	p	Decision
H1	Financial Behavior -> MSME Performance	0,306	2,093	0,000	Proven
H2	Financial Attitude -> MSME Performance	0,155	2,067	0,021	Proven
H3	Information Technology -> MSME Performance	0,160	1,702	0,046	Proven
H4	Financial Digitalization -> MSME Performance	0,664	7,064	0,000	Proven
H5	Financial Behavior -> Financial Digitalization -> MSME Performance	0,104	4,170	0,000	Proven
H6	Financial Attitudes -> Financial Digitalization -> MSME Performance	0,025	1,195	0,117	Not proven
H7	Information Technology ->	0,032	3,229	0,001	Proven

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Hypothesis	Relationship between variables	Beta	t	p	Decision
	Financial Digitalization -> MSME Performance				

Source: data analysis, (2026)

Decision making criteria based on significance levels (Wiyono, 2020), The results of the hypothesis testing based on path coefficients are as follows: If the p-value is < 0.05, then H0 is rejected, meaning there is a significant effect of the independent variable on the dependent variable. Conversely, if the p-value is > 0.05, then H0 is accepted, meaning there is no significant effect of the independent variable on the dependent variable. Conclusion of the Hypothesis Test :

a. Financial Behavior has a significant positive effect on MSME Performance. This is evidenced by a P-value < 0.05 (0.000 < 0.05), so Hypothesis 1 is accepted.
b. Financial Attitude has a significant positive effect on MSME Performance. This is evidenced by a P-value < 0.05 (0.021 < 0.05), so Hypothesis 2 is accepted.
c. Information Technology has a significant positive effect on MSME performance. This is evidenced by a P-value < 0.05 (0.046 < 0.05), so Hypothesis 3 is accepted.
d. Financial Digitalization has a significant positive effect on SME Performance. This is evidenced by a P-value < 0.05 (0.000 < 0.05), so Hypothesis 4 is accepted.
e. Financial Behavior, mediated by Financial Digitalization, has a significant positive effect on SME Performance. This is evidenced by a P-value < 0.05 (0.000 < 0.05), so Hypothesis 5 is accepted.
f. Financial Attitude, mediated by Financial Digitalization, was not found to have a significant positive effect on SME Performance. This is evidenced by a P-value > 0.05 (0.117 > 0.05), so Hypothesis 6 is rejected or not accepted.
g. Information technology facilitated by financial digitalization has a significant positive effect on MSME performance. This is evidenced by a P-value of < 0.05 (0.001 > 0.05), so Hypothesis 7 is accepted.

A mediation analysis was conducted because the research model included a mediating variable; therefore, it was necessary to analyze and explain the role of the mediating variable specifically, whether it adds to the effect of the independent variable. Based on this model, the results of the analysis are presented in Table 4 below, namely:

Table 4. Analysis of the Mediating Effect

Variable	Direct Effect (DE)	Indirect Effect (IE)	Total Effect (TE)	Description
	(X → Y2)	X → Y1 → Y2	DE + IE	
X1	0.157 (0.019)	0.104 (0.000)	0.288 (0.000)	Mediation
X2	0.045 (0.317)	0.030 (0.117)	0.075 (0.008)	Not Mediation
X3	0.159 (0.065)	0.106 (0.001)	0.265 (0.003)	Mediation

Source: Output SmartPLS, (2026)

Based on the results in Table 4 above, it can be explained that this analysis was conducted to determine the magnitude of the direct, indirect, and total influence coefficients; the results are as follows:

a. The Effect of Financial Behavior (X1) on MSME Performance (Y1) through Financial Digitalization (Y2).

Variable X1 has an indirect effect (IE) of 0.104 with a P-value of 0.000 (less than 0.05), indicating that the indirect effect of the Financial Behavior variable (X1) on MSME

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Performance (Y1) is significant. This indicates that OS (TE) > OS (DE) is significant, meaning that the Financial Digitalization variable (Y2) plays a significant role as a mediating variable that mediates the effect of the Financial Behavior variable (X1) on MSME Performance (Y2).

b. The Effect of Financial Attitude (X2) on MSME Performance (Y1) through Financial Digitalization (Y2).

Variable X2 has an indirect effect (IE) of 0.030 with a P-value of 0.117 (greater than 0.05), so the indirect effect of the Financial Attitude variable (X2) on MSME Performance (Y1) is also not significant. Thus, it can be concluded that OS (TE) > OS (DE) is significant, meaning that the Financial Digitalization variable (Y2) does not play a significant role as a mediating variable capable of mediating the effect of Financial Attitude (X2) on MSME Performance (Y1).

c. The Effect of Information Technology (X3) on the Performance of MSMEs (Y1) through Financial Digitalization (Y2).

Variable X3 has an indirect effect (IE) of 0.106 with a P-value of 0.001 (less than 0.05), indicating that the indirect effect of the Information Technology variable (X3) on MSME Performance (Y1) is significant. This indicates that OS (TE) > OS (DE) is significant, meaning that the Financial Digitalization variable (Y2) plays a significant role as a mediating variable that mediates the effect of Information Technology (X3) on MSME Performance (Y1).

4.2 Discussion

The discussion of the analysis results in this study aims to examine the role of financial digitalization as a mediator of the effects of financial behavior, financial attitudes, and information technology on the performance of food-related MSMEs in the Special Region of Yogyakarta. Based on the description of the test results and analysis, the discussion in this study is as follows:

4.2.1 Financial Behavior and MSME Performance

Based on the results of the hypothesis testing in this study, financial behavior has a significant positive effect on the performance of MSMEs. This is evidenced by the results of the hypothesis test, namely a P-value of <0.05, with a value of 0.000 < 0.05. Based on these results, it can be concluded that financial behavior has a positive effect on the performance of food MSMEs in the Special Region of Yogyakarta.

Financial behavior refers to how an individual manages and utilizes their financial resources. Financial resources include the assets and profits owned by business owners, which are subsequently used to grow the business and improve the performance of MSMEs. Sound financial decisions will support high profitability, provided they are based on effective financial management, financial planning, working capital management, and sound investment decisions. SMEs play a vital role in the economy; however, poor financial behavior and the failure to implement effective financial management can lead to an unfavorable future for the business, resulting in its failure or decline (Dyatmika et al., 2024). These findings align with research by Humaira and Sagoro (2018), which states that financial behavior has a positive impact on SME performance. Furthermore, research by Mellinia et al., (2023) states that financial behavior has a positive effect on the performance of MSMEs.

4.2.2 Financial Attitudes Toward MSME Performance

Based on the results of the hypothesis testing in this study, financial attitudes have a significant positive effect on MSME performance. This is evidenced by the hypothesis test results, namely a P-value of <0.05, with a value of 0.021 < 0.05. Based on these test results, it can be concluded that financial attitudes have a positive effect on the performance of food MSMEs in the Special Region of Yogyakarta. According to (Endarto & Tirtana, 2020) , financial attitude is defined as a set of opinions, views, and assessments regarding finance. Financial attitude represents an individual's foundational understanding of finance, which serves as a basis for personal decision-making. Financial attitudes in the business world can be improved by providing sufficient financial information. Financial attitudes play a vital role in policy-making that influences a company's financial performance. This is because financial attitudes are a combination of concepts, information, and emotional factors that ultimately bring benefits to business owners (Dyatmika et al., 2024).

Financial attitudes are an important resource, as they can help MSMEs manage their finances effectively and track their business progress. The better the financial attitudes of MSME owners, the better the performance of the MSMEs. The results of this study align with research conducted by Fitria et al., (2021), hich states that financial attitudes have a positive and significant effect on SME performance. They also align with research conducted by Mellinia et al., (2023), which states that financial behavior has a positive and significant effect on SME performance.

4.2.3 The Impact of Information Technology on the Performance of MSMEs

Based on the results of the hypothesis testing in this study, information technology has a significant positive effect on MSME performance. This is evidenced by the hypothesis test results, namely a P-value of <0.05, specifically 0.046 < 0.05. Based on these results, it can be concluded that information technology has a positive effect on the performance of food MSMEs in the Special Region of Yogyakarta. Information technology can strengthen a company's competitive advantage and help reduce operational costs. With information technology, business performance can be improved, as processes that were previously carried out manually can now be replaced by more efficient systems or programs, enabling faster, simpler, and more flexible operations. According to Khotimah & Mardalis, (2025), the use of information technology can enhance competitiveness and strengthen a company's competitive advantage. The results of this study are consistent with research conducted by Lubis et al., (2023), which found that the use of information technology has a positive and significant impact on the performance of MSMEs. Furthermore, research conducted by Sagita, Yuliati, N. dan Fauzi, (2021)found that the use of information technology has a positive and significant impact on the performance of MSMEs, with study respondents reporting that they have benefited from the implementation of information technology. With information technology, respondents can use it to build business relationships and control business operations, and they can work anywhere without being bound by time or place. For MSMEs, this will certainly produce maximum output and lead to an increase in.

4.2.4 The Impact of Financial Digitalization on the Performance of MSMEs

Based on the results of the hypothesis testing in this study, financial digitalization has a significant positive effect on MSME performance. This is evidenced by the

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hypothesis test results, namely a P-value of <0.05, with a value of 0.000 < 0.05. Based on these results, it can be concluded that financial digitalization has a positive effect on the performance of food MSMEs in the Special Region of Yogyakarta. Digitalization in MSMEs refers to the practice or utilization of market intelligence for product development that can impact the growth of MSMEs in the technology sector (Wiyono, 2020). The digitalization of finance in MSMEs refers to the use of information and communication technology (ICT) in various aspects of business, such as production, marketing, financial management, and administration. In practice, the digitalization of MSMEs can be achieved through the use of digital platforms such as websites, social media, mobile apps, and e-commerce. The use of digital technology facilitates business transactions, enabling customers to conduct transactions using digital technology (Agustini & Suwena, 2024). In other words, the effective use of digital technology in a business or enterprise provides convenience for both parties sellers and buyers.

The results of this study align with research by (Anjarwati et al., 2023) which states that financial digitalization, combined with the use of accounting information, has a positive and significant impact on SME performance. Additionally, research by (Oktarini & Susyanti, 2020) indicates that SME digitalization has a significant and positive impact on SME performance.

4.2.5 The Effect of Financial Behavior on MSME Performance, Mediated by Financial Digitalization

Based on the results of the hypothesis testing in this study, financial behavior has a significant effect on MSME performance, mediated by financial digitalization. This is evidenced by the hypothesis test results, namely a P-value < 0.05 with a value of 0.000 < 0.05. Based on these test results, it can be concluded that financial behavior through financial digitalization has a positive influence on the performance of food MSMEs in the Special Region of Yogyakarta.

Financial behavior is a combination of psychological and financial aspects that examines how thoughts, mental states, and external factors influence the way individuals use financial resources and systems (Azizah, 2020).The profitability of micro and small businesses depends heavily on the financial decisions made by owners or entrepreneurs, ranging from financing and working capital management to saving decisions. Given the critical role of Micro and Small Enterprises in the economy, their impact is highly significant. According to Dai & Suryanto, (2019), the role of digitalization extends beyond technology adoption to encompass how financial behavior interacts to influence the performance of MSMEs.

The results of this study align with those of (Asmin et al., 2021), who stated that financial behavior has a positive and significant effect on SME performance. Furthermore, research conducted by Suleman & Thalib, (2024) indicates that digitalization in MSMEs plays a crucial role in improving their performance.

4.2.6 Financial Attitudes toward MSME Performance, Mediated by Financial Digitalization

Based on the results of the hypothesis testing in this study, financial attitudes do not have a significant effect on MSME performance as mediated by financial digitalization. This is evidenced by the hypothesis test results, namely a P-value of 0.117, which is greater than 0.05. Based on these results, it can be concluded that financial attitudes, as mediated by financial digitalization, do not have a positive effect on the performance of food MSMEs in the Special Region of Yogyakarta.

In this study, financial digitalization was unable to mediate the relationship between financial attitudes and MSME performance. This may occur if business owners lack a sound forward-looking business orientation and make poor business decisions, and if they also fail to implement financial digitalization effectively on a large scale, which will lead to business failure. Hafifah, (2019) states that, in reality, business owners with a sound financial attitude will find it easier to manage their businesses. A financial attitude can be understood as the application of financial principles to create and sustain value by making sound decisions and managing resources effectively (Humaira & Sagoro, 2018). In the previous hypothesis, financial attitudes were found to influence MSME performance; however, when mediated by financial digitalization, financial attitudes did not have a significant effect on MSME performance. This may be because, although food MSME operators in Yogyakarta have adopted sound financial practices, many entrepreneurs have not yet embraced financial digitalization such as preparing accounting reports and managing financial administration digitally. The role of digitalization is not limited to technology adoption but also encompasses how financial behavior interacts to influence SME performance. Financial attitudes and the presence of financial digitalization are expected to facilitate entrepreneurs in decision-making with the aid of digital tools; however, if entrepreneurs make incorrect decisions, their business or performance may also decline or fail. The results of this study align with research by Rachmawati et al., (2026), which states that an improvement in financial attitudes does not guarantee an improvement in SME performance. This is because it may be caused by other factors, such as the influence of the owner's habits, environmental factors.

4.2.7 The Impact of Information Technology on MSME Performance, Mediated by Financial Digitalization

Based on the results of the hypothesis testing in this study, information technology has a significant effect on MSME performance, mediated by financial digitalization. This is evidenced by a P-value of <0.05, specifically $0.001 < 0.05$. Based on these test results, it can be concluded that information technology, through financial digitalization, has a positive effect on the performance of food MSMEs in the Special Region of Yogyakarta. The benefits that MSMEs gain from the application of information and communication technology include increased operational effectiveness and efficiency, increased revenue or profit, and the ability to develop innovative products that can compete in the global market (Okundaye et al., 2019). Businesses can utilize information technology for e-commerce activities, which can provide flexibility in production, expand market share, and promote their businesses. However, if this technology is used incorrectly or inappropriately, it will not improve the business. The results of this study align with research by Suryani & Rifzaldi, (2020) which states that the use of information technology has a positive and significant impact on the performance of SMEs. Furthermore, research conducted by Eryc, (2022) indicates that information technology and digitalization influence the improvement of SME performance.

4 Conclusion

Based on the results of the analysis and discussion, the conclusions of this study are as follows:

1) Financial behavior has a significant positive impact on the performance of food-related MSMEs in the Special Region of Yogyakarta; in other words, good or positive financial behavior will improve the performance of food-related MSMEs in the Special Region of Yogyakarta.
2) Financial attitudes have a significant positive impact on the performance of food MSMEs in the Special Region of Yogyakarta, meaning that financial attitudes are directly linked to improved performance of food MSMEs in the Special Region of Yogyakarta.
3) Information technology has a significant positive impact on the performance of food MSMEs in the Special Region of Yogyakarta, meaning that the use and implementation of information technology in the operations of food MSMEs in the Special Region of Yogyakarta have a strong and positive impact on improving the performance of these businesses.
4) Financial digitalization has a significant positive impact on the performance of food-related MSMEs in the Special Region of Yogyakarta, meaning that increased use of financial digitalization can improve the performance of MSMEs in the Special Region of Yogyakarta
5) Financial digitalization mediates the relationship between financial behavior and the performance of food MSMEs in the Special Region of Yogyakarta; in other words, digital-based financial behavior is closely linked to improved performance among food MSMEs the more food MSMEs adopt financial digitalization, the better their performance. Digitalization plays a significant role in the relationship between financial behavior and MSME performance.
6) Financial digitalization does not mediate the relationship between financial attitudes and ownership regarding the performance of food-related MSMEs in the Special Region of Yogyakarta; this implies that financial attitudes are not supported by sufficient understanding and skills to make optimal use of technology, resulting in suboptimal MSME performance.
7) Financial digitization can facilitate the application of information technology to the performance of food-related SMEs in the Special Region of Yogyakarta, meaning that the use of information technology in financial digitization is highly beneficial for food-related SMEs in the Special Region of Yogyakarta, thereby improving their performance. Digitization plays a crucial role in the relationship between information technology and financial performance.

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