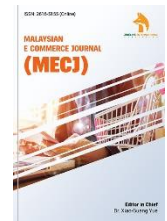


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## REVIEW ARTICLE

# THE ROLE OF FINANCIAL LITERATION IN MODERATING THE RELATIONSHIP BETWEEN ACCESS TO FINANCIAL AND THE GROWTH OF MSMEs IN WEST KALIMANTAN PROVINCE - INDONESIA

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## ABSTRACT

The low rate of financial literacy in West Kalimantan has triggered a study to explore the role of this variable, can it moderate the relationship between financial access and the growth of MSMEs in West Kalimantan Province?. This research uses a descriptive method with an associative research design and 390 MSMEs respondents. The distribution of the questionnaires used postal services, electronic mail, and social media. The results of this study are financial literacy can moderate the relationship between financial access and the growth of MSMEs and financial literacy has a positive and significant effect on the growth of MSMEs. An interesting finding from this research is access to finance has a negative and significant effect on the growth of MSMEs, this result is due to the lack of knowledge of MSMEs about how to manage money obtained from bank loans.

## KEYWORDS

Financial Literacy, Access to Finance, MSMEs Growth, COVID-19, West Kalimantan.

## 1. INTRODUCTION

Serious efforts to advance Micro, Small and Medium Enterprises (MSMEs) in Indonesia are one of the priorities in the national economy. This is because MSMEs have become the backbone of a populist economic system that aims not only to reduce poverty but also to absorb labor (Mundia and Moronge, 2017; Riwayati, 2017). The main priority of the government of the Republic of Indonesia at this time is how to increase the knowledge of MSME owners and employees to realize the importance of understanding financial inclusion to advance their business in this Industry 4.0 era, which in turn is expected to implement the use of digital finance (100%) throughout the MSME sector in Indonesia. Besides, according to Masood and Sonntag (2020), the application of technology that is in line with Industry 4.0 will provide benefits, such as operational flexibility, reduced costs, efficiency, improved quality, and creates a more competitive advantage.

The main benefit that will be felt by MSME businesspeople if they have sufficient knowledge of financial literacy is the ease of access to banking services because the implementation of digitalization and financial inclusion is one of the driving forces for banks to trust and be willing to channel their funds to be used. Also, digital finance and financial inclusion have benefits for users of financial services, digital finance providers, governments, and the economy, namely reducing intermediary financial costs for banks and Fintech providers, and increasing aggregate spending

for the government (Ozili, 2018). Thus, by increasing knowledge of financial inclusion, the opportunity for MSMEs to obtain banking access services will be greater, which in turn can actively contribute to the development and protect themselves from socio-economic shocks (Ibor et al., 2017).

This research is motivated by the results of the National Survey of Indonesian Financial Literacy conducted by the Financial Services Authority of the Republic of Indonesia, which shows that in 2016 only 29.66% of Indonesia's population had a good level of financial literacy with a level of financial literacy in the Micro, Small and Medium Enterprises group. only 15.68%. Considering the importance of MSMEs for the Indonesian economy, with a contribution to the Gross Domestic Product of 60.34% and even being able to absorb a workforce of 97.22% of the total workforce in Indonesia in 2016. Making serious efforts to improve MSME financial literacy is an important thing to do. Micro, small and medium enterprises (MSMEs) are very important for local economic development, they play an important role in job creation, poverty alleviation, and economic growth, but they face many funding constraints (Gherghina et al., 2020). Ease of access to funding from banks will be obtained if MSMEs have adequate financial literacy knowledge so that banks can trust to provide loan funds to develop MSME businesses.

There are three problems in the financial sector in Indonesia according to the Financial Services Authority, the first is increasing financial inclusion,

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where very few people have been touched by access to finance. Second, the limited access to credit for Micro, Small, and Medium Enterprises actors, with a large number of MSME players in Indonesia, will be a great opportunity for banks to channel their credit. Third, improving services and efficiency in the financial sector, with fast service and low transaction costs, is expected to increase public interest in opening bank accounts. The number of MSMEs in West Kalimantan Province that have been registered according to Mr. Haryadi, Head of the Office of Cooperatives, micro-businesses, and trade of West Kalimantan province, in 2018 there were only eight to nine thousand MSMEs that had licenses, where this license is needed to get easy access to finance to obtain capital from microfinance institutions and banks.

The main objective of this research is to explore and understand the role of financial literacy moderation in the relationship between access to finance and the growth of MSMEs in West Kalimantan Province (Akinboade and Felix, 2015; Okello, et al., 2017; Riwayati, 2017). Good financial literacy will help managers to make strategic investment decisions and choices that allow their companies (MSMEs) to grow and develop. The study seeks to reveal whether financial literacy can significantly moderate the relationship between financial access and the growth of MSMEs. This study seeks to contribute to the existing entrepreneurship literature by showing the strong role of financial literacy in promoting financial access and the growth of MSMEs. It also helps MSME managers to acquire knowledge, skills, and abilities to strategize their financial decisions and choices. From the explanation that has been given, the research questions in this study, (1) Does access to finance have a positive effect on the growth of MSMEs?, (2) Does financial literacy have a positive effect on the growth of MSMEs?, (3) Is financial literacy able to moderate the relationship between Access to Finance and the growth of MSMEs?

The fact that there is still a low (30.5%) percentage of MSMEs who understand financial literacy in West Kalimantan in 2016 and the number of MSMEs that have permits is only 8000-9000 MSMEs (around 10% of the total MSMEs in West Kalimantan) in 2018, and still around 22% of MSMEs that have won the trust of banks to provide loan funds. This triggers the author to try to measure the effectiveness (socialization) of financial literacy that has been carried out by the central and local governments, to help MSMEs gain access to finance or access to finance in banks, which in turn will grow and develop themselves better. So, it is hoped that this research will motivate MSMEs to be able to learn to seriously understand the benefits of financial literacy knowledge which will be useful for gaining trust from the banking sector. Therefore, based on these facts, the authors argue that this research is important to do. Another benefit of this research is that it is a source of information and input in conducting education and introduction to financial literacy for the West Kalimantan Provincial Government, particularly the Cooperatives and MSMEs Office. Besides, as material for knowledge, learning, and evaluation of ways to improve MSME financial management to become progressive and better.

## 2. LITERATURE REVIEW

According to a study, companies that show high growth rates are measured by employment, turnover, average employment growth of more than 20% a year, over three years, and with a minimum of ten or more employees (Moreira, 2016). A moderate growth company, measured by the same workforce metric, is one with an average annual growth of between 10% and 20% of employees per year, over three years, and ten years or more employees at the start of the period. Still, according to the fundamental element for the development of SMEs is the capacity of each to access finance (Moreira, 2016). There is a major difference between large-scale companies and SMEs when applying for bank loans because while large-scale companies can explore the potential of the capital market that is usually not owned by SMEs.

The Impact of Financial Management Practices on the Growth of Small and Medium Enterprises in Ghana within the Central City of Birim shows a significant influence on the development and growth of MSMEs (Bismark et al., 2018). Other research states that there is a significant relationship

between access to finance and the growth of SMEs in developing countries, increasing access to finance by SMEs can improve economic conditions in developing countries by fostering innovation, macroeconomic resilience, and GDP growth (Okello et al., 2017).

Lack of access to finance presents a major setback for the development of the Small and Medium Enterprises (SME) sector in Australia (Dwyer and Kotey, 2015). The financial supply and demand for this sector entail more complex problems than those applied to large corporations. Then, research that examines the impact of SME growth in Europe when access to finance is increasing was carried out, the result is the strong growth of SMEs depending on access to finance (Moreira, 2016). Besides, decisions made by the government must be able to provide easy access to finance for SMEs.

Research findings conducted revealed that high financial literacy causes a more positive effect on the availability of financial resources on the growth of SMEs (Owusu, et al., 2019). Next, financial literacy has a positive and significant direct effect on financial inclusion (Okello, et al., 2020). Then, based on the results of research conducted, it is explained that internal finance such as profit and external finance such as short and long-term debt can produce higher growth rates for SMEs in Sweden (Kachlami and Yazdanfar, 2016).

According to research conducted, it explains that financial literacy is an interconnected resource that reduces information asymmetry and deficit collateral when evaluating loan applications, therefore financial literacy must be part of the school curriculum (Hussain et al., 2018). The analysis shows an increase in financial literacy, reduces monitoring costs and serves to optimize the company's capital structure which has a positive impact on the growth of SMEs. Financial management knowledge is recognized as a core resource that assists SME owners in making effective decisions.

Financial Services Authority Regulation No. 76 / POJK.07 / 2016 financial literacy is knowledge, beliefs, and skills that influence attitudes and behavior to improve the quality of decision making and financial management to achieve prosperity (Ojk, 2016). Chen and Volpe divide financial literacy into four categories, first personal finance, second savings and loans, third insurance, and finally investment (Chen and Volpe, 1998).

The definition of MSMEs is based on Law regulation no. 20 of 2008 are (BI, 2008):

1. Micro Business is a productive business owned by an individual and/or an individual business entity that meets the criteria of a Micro Business as regulated in this Law.
2. Small Business is a productive economic business that stands alone, which is carried out by an individual or a business entity that is not a subsidiary or branch of a company that is owned, controlled, or is a part, either directly or indirectly, of a Medium or Large Business. criteria for Small Business as referred to in this Law.
3. Medium Enterprises are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or are part of, either directly or indirectly, with Small or Large Enterprises with total assets. net or annual sales proceeds as regulated in this Law.

## 3. OPERATIONAL VARIABLE DEFINITION

Access to Finance is the reach of MSMEs to gain access to banking services and the ability of MSMEs to meet all requirements imposed by banks to obtain business capital.

Indicators of Access to Finance (Lee et al., 2015; Moreira, 2016; Okello et al., 2017):

1. Knowledge of banking products
2. Increasing access to health services

3. Ability to use financial technology services
4. Savings products according to needs
5. Loan products according to needs
6. Terms and conditions of loan products benefit customers
7. Bank services benefit customers
8. Financial services by the Bank, safe for customers
9. The cost of opening an account is very affordable for the community
10. The location of the bank is easy to reach

Financial literacy is a person's knowledge of financial planning, knowledge of investment in the capital market, knowledge of banking services such as investment, insurance, savings, and deposits, knowledge of the benefits of pension funds, financial institutions, and pawnshops.

Financial Literacy Indicators (Goodell, 2020; Okello et al., 2017; Riwayati, 2017):

1. Have a savings account book
2. Ability to analyze financial performance regularly
3. Generate monthly income returns to the lender
4. Have skills in bookkeeping
5. Know to calculate loan interest
6. Have basic accounting books for record-keeping
7. The use of company operational funds is effective and efficient
8. Understand the benefits and costs of the loan used
9. Have the skills to ensure the company's financial trends are going well
10. Has insurance while running his business

The growth of MSMEs is an increase in the amount of income, the number of employees, the number of assets, the quality of products and services, and services that are getting faster and more effective.

MSME Growth Indicators (D'Angelo and Presutti, 2019; Okello et al., 2017; Ullah, 2019):

1. Planning to increase the number of employees
2. The increase in the number of employees has facilitated business growth
3. There was a 2x increase in sales this year
4. Strategy and business planning are well implemented
5. Increase in total assets from last year
6. The existence of long-term assets has helped the business grow
7. Planning to acquire more assets
8. An increase in marketing costs is followed by an increase in operating income
9. The quality of products and services produced is increasingly diverse and high quality
10. Service Quality is becoming increasingly fast and effective

Research conducted by Akinboade and Felix Moses Edoho on the determinants of SME growth and performance in the country of Cameroon for the manufacturing and retail sectors, with a complete survey design of 700 randomly selected SME owner-managers was conducted although only 575 companies were retained for analysis after doing the coherence test (Akinboade and Felix, 2015). The survey was conducted in central areas and coastal areas, with the location of nearly 70 percent of SMEs in Cameroon. The survey questionnaire provided consists of 50-60 questions covering the profile of the business owner, and business growth and performance. The findings of this study are, first, business location affects turnover growth. Second, the probability of negative or zero growth decreases as the company ages. Third, an increase in education levels increases turnover growth. Fourth, there is no gender relationship with business turnover growth. Fifth, the burdens imposed by municipal regulations and compliance with them negatively affect turnover growth. Sixth, the time it takes to comply with and comply with tax regulations as a whole has a negative impact on turnover growth.

Research conducted by Mundia and Moronge on Determinants of Growth of Small and Medium Enterprises in the Tourist and Travel Industry In Nairobi, Kenya, this study used a census survey method used to ascertain

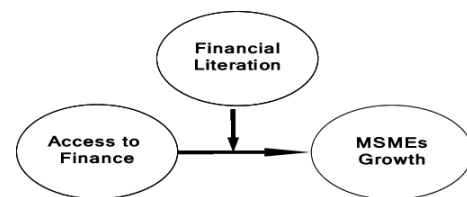
the representation of 195 tours and travel agencies registered by the Kenya Tour Operators Association classification (Mundia and Moronge, 2017). In this study, the growth of SMEs in the tourism and travel industry depends on managerial skills and entrepreneurial skills. Primary data were collected through the use of a questionnaire. Secondary data is obtained from published documents such as journals, magazines, magazines, and reports to complement the primary data. This study determines that these variables need to be considered in any effort to encourage the growth of SMEs in the travel industry in the study area. These findings reveal that an increase in the independent variables (managerial skills and entrepreneurial skills) leads to an increase in the growth of SMEs. Managerial skills contribute more to the growth of SMEs. Additional studies should be carried out to find out how Kenyan SMEs fear the challenges they face which include infrastructure, environmental issues, tax and levy diversity, competition and inequality, marketing issues related to the unavailability of raw materials, and business opportunities, and diversification.

Research conducted by Riwayati on Financial Inclusion from Businesses in Mediating the Success of Small and Medium Enterprises in Indonesia (Riwayati, 2017). The purpose of this study is to analyze the success of small and medium enterprises (SMEs) which are mediated by the financial inclusion of business actors. and the role of financial inclusion in enhancing the success of SMEs. The unit of analysis for this research is small and medium business actors, namely stone craftsmen in Magelang Regency, Central Java, Indonesia. The data used in this study are primary data obtained from the distribution of questionnaires for 76 masons. The result is that internal and external factors have a significant positive effect on the success of stone craftsmen SMEs in Magelang Regency, Indonesia. The financial inclusion of business actors can mediate the determinants of the success of SMEs (Budiarto et al., 2015). The medium-sized business group has been able to run well, it already has sufficient access to finance, as well as small businesses, while for the micro-business group, their access to financial institutions/services is very limited, or even not have access at all.

**4. RESEARCH METHODS**

This study uses a descriptive method, which is a problem-solving method by describing the current research object based on the facts obtained, then analyzing and interpreting the results, in the form of surveys and development studies. From the design side, it is included in the category of associative research, which is to know the relationship between two or more variables, with the hope that a theory can be built which functions to explain, predict and control a symptom.

The independent variable in this study is access to finance, the dependent variable is the growth of MSMEs and the moderation variable is financial literacy. Using SPSS 23 analysis tools. The data collection method used was the test technique to measure the respondent's knowledge and by distributing a questionnaire (closed) with a survey scale that was randomly selected (proportionate stratified random sampling) to a population with certain criteria (purposive sampling), with the number of respondents as many as 390 MSMEs in West Kalimantan Province. Distribution of questionnaires using postal services sent to the respective addresses of respondents, using electronic mail and social media.



**Figure 1: Research Model**

**4.1 Research model equations**

1. Model 1:  $Z = a_1 X + e_1$
2. Model 2:  $Z = a_2 Y + e_2$
3. Model 3:  $Z = a_3 X + a_4 Y + a_5 X*Y + e_3$

Independent variable: X = Access to Finance, Dependent Variable: Z = Growth of MSMEs, Moderation Variable: Y = Financial Literacy.

4.2 Research Hypothesis

1. Access to finance has a positive effect on the growth of MSMEs
2. Financial literacy has a positive effect on the growth of MSMEs
3. Financial literacy can moderate the relationship between Access to Finance and the growth of MSMEs.

In terms of data grouping, this study uses primary data, where the data is collected by the researcher directly from the place of the research object, while the time of collection uses the cross-section data group, which is data collected in a certain period on several objects to describe the situation.

5. DISCUSSION

5.1 Statistical Data of Msme Respondents

Table 1: Respondent Statistics		
<b>MSMEs Criteria</b>		
	<b>Frequency</b>	<b>Percent</b>
Small Enterprises	208	53.3
Medium Enterprises	104	26.7
Micro Enterprises	78	20.0
Total	390	100.0
<b>MSMEs Age</b>		
	<b>Frequency</b>	<b>Percent</b>
Two to three years	52	13.3
Four to five years	52	13.3
Less than one year	104	26.7
More than ten years	52	13.3
Five to ten years	26	6.7
One to two years	104	26.7
Total	390	100.0
<b>MSMEs Location</b>		
	<b>Frequency</b>	<b>Percent</b>
Kabupaten Kubu Raya	26	6.7
Kabupaten Sambas	52	13.3
Kabupaten Sintang	26	6.7
Kota Pontianak	286	73.3
Total	390	100.0
<b>MSMEs Category</b>		
	<b>Frequency</b>	<b>Percent</b>
Mandatory Government Administration, Defense, and Social Security	26	6.7
Processing industry	26	6.7
Information and Communication	52	13.3
Arts, Entertainment and Recreation	78	20.0
Construction	26	6.7
Provision of Accommodation and Provision of Food and Drink	130	33.3
Agriculture, Forestry, and Fisheries	26	6.7
Real Estate	26	6.7
Total	390	100.0

Source: Processed Data 2020

Referring to table one, for the category of MSME criteria, the small business category dominates this study, then for the MSME age category, the age less than one year and between one and two years is the dominant one, then for the location category, the location in the city of Pontianak was the one that filled out the questionnaire mostly. Finally, for the MSME sector, the provision of accommodation and food and drink provision sectors were the most respondents in this study.

5.2 Questionary Instrument Test and Classic Assumption Test

To test the validity and reliability of all variables have been declared statistically valid and reliable. Research Model:

1. Model 1: Company Growth = a1. Financial Access + e1
2. Model 2: Company Growth = a2. Financial Literacy + e2
3. Model 3: Company Growth = a3. Financial Access + a4. Financial Literacy + a5. Financial Access \* Financial Literacy + e3

For the normality test, heteroscedasticity, multicollinearity, and linearity, all models have statistically passed the classical assumption test.

5.3 Data Interpretation

5.3.1 Coefficient of Determination

Table 2: Coefficient of Determination				
<b>Model Summary<sup>b</sup></b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.681 <sup>a</sup>	.464	.463	8.867
a. Predictors: (Constant), AKSES_KEUANGAN				
b. Dependent Variable: PERTUMBUHAN_PERUSAHAAN				
2	.865 <sup>a</sup>	.748	.747	6.086
a. Predictors: (Constant), LITERASI_KEUANGAN				
b. Dependent Variable: PERTUMBUHAN_PERUSAHAAN				
3	.876 <sup>a</sup>	.768	.766	5.852
a. Predictors: (Constant), AK_LK, LITERASI_KEUANGAN, AKSES_KEUANGAN				
b. Dependent Variable: PERTUMBUHAN_PERUSAHAAN				

Source: Processed Data 2020

In model one, with the variable access to finance, the value of Adjusted R Square is only 46.3%, then it increases significantly by 74.7% for model two, using the financial literacy variable. This then rises to 76.6% for model three, after including the moderating variable.

5.3.2 F test

Table 3: F test						
<b>ANOVA<sup>b</sup></b>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26444.516	1	26444.516	336.344	.000 <sup>a</sup>
	Residual	30505.884	388	78.623		
	Total	56950.400	389			
a. Predictors: (Constant), AKSES_KEUANGAN						
b. Dependent Variable: PERTUMBUHAN_PERUSAHAAN						
2	Regression	42580.552	1	42580.552	1.150E3	.000 <sup>a</sup>
	Residual	14369.848	388	37.036		
	Total	56950.400	389			
a. Predictors: (Constant), LITERASI_KEUANGAN						
b. Dependent Variable: PERTUMBUHAN_PERUSAHAAN						
3	Regression	43731.245	3	14577.082	425.652	.000 <sup>a</sup>
	Residual	13219.155	386	34.247		
	Total	56950.400	389			
a. Predictors: (Constant), AK_LK, LITERASI_KEUANGAN, AKSES_KEUANGAN						
b. Dependent Variable: PERTUMBUHAN_PERUSAHAAN						

Source: Processed Data 2020

### 5.3.3 t-test

Table 4: t-test						
Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.787	1.231		11.204	.000
	AKSES_KEUANGAN	.653	.036	.681	18.340	.000
a. Dependent Variable: PERTUMBUHAN_PERUSAHAAN						
2	(Constant)	3.706	.967		3.830	.000
	LITERASI_KEUANGAN	.907	.027	.865	33.907	.000
a. Dependent Variable: PERTUMBUHAN_PERUSAHAAN						
3	(Constant)	16.504	2.431		6.787	.000
	LITERASI_KEUANGAN	.564	.081	.538	6.943	.000
	AKSES_KEUANGAN	-.571	.100	-.596	-5.691	.000
	AK_LK	.014	.003	.881	5.659	.000
a. Dependent Variable: PERTUMBUHAN_PERUSAHAAN						

Source: Processed Data 2020, AL\_LK = Moderated Variable

### 5.4 Research Result

1. Financial literacy can moderate the relationship between access to finance and company growth
2. Financial literacy has a positive and significant effect on company growth
3. Access to finance has a negative and significant effect on company growth

### 5.5 Research Model Equations

1. Model 1: Company Growth = 0.681 Financial Access + e1
2. Model 2: Company Growth = 0.865 Financial Literacy + e2
3. Model 3: Company Growth = 0.538 Financial Access - 0.596 Financial Literacy + 0.881 Financial Access \* Financial Literacy + e3

### 5.6 Research Hypothesis

#### 5.6.1 Financial literacy can moderate the relationship between access to finance and the growth of MSMEs (approved)

With sufficient knowledge of financial literacy, logically this will make it easier for MSMEs to get financial services from banks, which in turn will have a positive influence on the growth of MSME businesses. This result is in line with research conducted by Moreira, where Moreira in her research studied the impact of SME growth in Europe when access to finance increased, the result was strong SME growth depending on access to finance (Moreira, 2016). Also, decisions made by the government must be able to provide easy access to finance for SMEs. This result is also supported by research conducted, which concludes that financial literacy has a positive and significant direct effect on financial inclusion (Okello et al., 2020). Another research was submitted (Susan, 2020). This explains that financial literacy has a positive effect on Access to Finance and Growth of MSMEs, besides that access to finance also has a positive effect on the growth of MSMEs.

#### 5.6.2 Financial literacy has a positive influence on the growth of MSMEs (approved)

With adequate financial literacy knowledge, MSMEs will be able to have great growth potential, considering that expertise in financial management is one of the important factors for measuring company productivity, whether effective or not. These results are in line with the research conducted, who revealed that high financial literacy leads to a more positive effect on the availability of financial resources on the growth of SMEs (Owusu et al., 2019). Then, based on the results of research conducted, it is explained that (literacy) internal finance such as profit and

external finance such as short-term and long-term debt can produce higher growth rates for SMEs in Sweden (Kachlami and Yazdanfar, 2016). Besides, research conducted, which explains that financial iterations are an interconnected resource that reduces information asymmetry and collateral deficits when evaluating loan applications, therefore financial literacy must be part of the school curriculum (Hussain et al., 2018). The analysis shows an increase in financial literacy, reduces monitoring costs and serves to optimize the company's capital structure which has a positive impact on the growth of SMEs. Financial management knowledge is recognized as a core resource that assists SME owners in making effective decisions.

#### 5.6.3 Access to finance has a positive influence on the growth of MSMEs (rejected)

The partial test results (Table 4) show that financial access has a negative and significant effect on the growth of MSMEs. Then, by referring to the statistical data and tabulation of the respondent's questionnaire, the authors argue that the knowledge of MSMEs to be able to use banking services is still very low and limited. This causes financial access services to have a negative impact on their business growth. According to the author, this is due to the absence of an element of prudence and a lack of knowledge of MSME managers on how to manage money obtained from bank loans for the progress and growth of their business. So, with the increase in access to banking financial services, what is happening is a decrease in the growth of MSMEs.

This result is in line with research conducted, where the use of debt has a significant negative effect on the profitability of SMEs (Olufunso et al., 2010). However, this result is inversely proportional, with a case study in Europe, stating that the increase in credit accessibility supported by the improvement of European government regulations for SMEs, can significantly boost growth, wealth, and employment rates (Moreira (2016). With the same results, research conducted states that financial literacy has a positive effect on Access to Finance and Growth of MSMEs, besides that access to finance also has a positive effect on the growth of MSMEs (Susan, 2020).

## 6. CONCLUSION

The conclusions of this study are (1) Financial literacy can moderate the relationship between access to finance and the growth of MSMEs in West Kalimantan Province, (2) Financial literacy has a positive effect on the growth of MSMEs in West Kalimantan Province, (3) Access to finance has a negative effect on growth. MSMEs in West Kalimantan Province. This study has limitations on the number of variables used, which only refers to the variables of financial literacy, financial access, and growth of MSMEs, the characteristics of respondents are limited to the form of MSMEs, age, location and category of MSMEs, finally, the limitation is the number of respondents used. Further research is suggested to be able to use the variables of Financial Performance, Financial Risk, and Financial Satisfaction. Then, the characteristics of MSMEs can be selected based on regional clusters, clusters of products, and services being sold.

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