

## **THE INFLUENCE OF DIGITAL FINANCIAL LITERACY ON THE PROFITABILITY OF MSMEs IN KEMANG DISTRICT**

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### **ABSTRACT**

Digital transformation according to Micro, Small and Medium Enterprises (MSMEs) to participate with financial technology to maintain business continuity. This study aims to analyze the effect of digital financial literacy on increasing the profitability of MSMEs in Kemang sub-district. The research approach used is quantitative with a causal associative design. Data were collected through a questionnaire with a Likert scale of 1-5 to 100 MSME respondents selected using a *purposive sampling* technique. Data analysis was carried out using simple linear regression through SPSS software. The results of the study indicate that digital financial literacy has a positive and significant influence on the profitability of MSMEs, with a calculated t value of  $13.791 > t_{table} 1.984$  and a significance value of  $0.000 < 0.05$ . The coefficient of determination ( $R^2$ ) shows that the digital financial literacy variable contributes 66% to the variation in profitability, while the remaining 34% is influenced by other factors outside the research model. This finding confirms that mastery of financial technology can improve operational efficiency and accuracy of financial management which has a direct impact on increasing the net profit of MSME actors.

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