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Financial Literacy, Fintech, and Tax Incentives in the Business Sustainability of MSMEs in Medan Kota District

Fillysia Chiu Evelyn[1], Johnny Chandra[2], Jason[3], Della Saputri[4]
Eka Prasetya School of Business and Economics[1,2,3,4]
Merapi Street, 20212, Medan Kota District,
Medan City, North Sumatera, Indonesia

Corresponding author: fillysia13@gmail.com

ABSTRACT

This study aims to analyze financial literacy, fintech, and tax incentives in the business sustainability of MSMEs in Medan Kota district. The research uses quantitative approach based on primary data, by using saturated sampling technique resulting in a total sample of 92 MSMEs. Data testing was carried out through validity test, reliability, descriptive statistics, classical assumption tests, multiple regression analysis, simultaneous (F test) and partial (T test) hypothesis test. The results show that 'Financial literacy was not significantly associated with business sustainability, $t(88) = -0.548$, $p = .585$. Whereas, Fintech, $t(88) = 5.838$, $p < .001$, and tax incentives, $t(88) = 2.807$, $p = .006$, showed positive associations. Simultaneously, financial literacy, fintech, and tax incentives have significant effect on the business sustainability of MSMEs in Medan Kota district with a F-value of 17,450 > F-table 2,71. The coefficient of determination (R^2) of 0.373 explaining 37.3% of the variation in the business sustainability can be explained by these three variables, while the remaining 62.7% is unexplained by the model.

Keywords: Business Sustainability, Financial Literacy, Fintech, MSME, Tax Incentives

INTRODUCTION

MSMEs are one of the sectors that make a significant contribution to helping Indonesian society address socioeconomic challenges. Based on a survey conducted by the Financial Services Authority (OJK), MSMEs employ 97% of Indonesia's workforce and contribute 60% to the country's Gross Domestic Product (GDP) Papulasih et al. (2024). Therefore, the sustainability of MSMEs has become one of the government's main focuses in promoting inclusive and sustainable economic development. Business sustainability is not only measured by the ability to generate profits but also by the ability to maintain business existence amid changing economic conditions Lestari & Dewi, 2021). Furthermore, the ability to understand financial concepts, adapt to developments in financial technology, and utilize tax incentive policies also plays an important role in strengthening business owners' capacity to maintain and develop sustainable businesses.

One of the factors influencing MSME business sustainability is financial literacy. According to Goyal et al. (2025), financial literacy has a positive and statistically significant effect on business sustainability. Enhancing financial literacy among entrepreneurs and small business owners through targeted policies can foster a more knowledgeable, empowered, and financially sustainable business community. However, Widiantari et al. (2024) found that financial literacy does not have a significant effect on business sustainability. In the context of MSMEs, financial literacy may only contribute to business sustainability when accompanied by effective financial management

capabilities and proactive decision-making. Although financial literacy can theoretically support the adaptation process, its influence as a single factor on business sustainability appears to remain limited.

In addition to financial literacy, the development of Financial Technology (Fintech) has also brought significant changes to MSME business activities. According to Ikhsanuddin et al. (2024), fintech has a positive and significant effect on MSME business sustainability. The higher the level of fintech understanding and adoption among MSME owners, the greater the improvement in business sustainability. However, (Dewi & Purwantini, 2023) found that fintech adoption does not have a significant effect on MSME business sustainability. Limited knowledge and understanding of fintech may contribute to business owners' reluctance to adopt financial technology, which may subsequently affect business sustainability.

Tax incentives are also considered an important factor that may contribute to MSME business sustainability. (Arinah et al., 2025) found that tax incentives have a positive and significant impact on the sustainable performance of MSMEs. The provision of tax incentives can encourage investment in local economies, particularly among micro, small, and medium-sized enterprises (MSMEs). By reducing the tax burden and providing greater financial flexibility, tax incentives can support MSMEs in maintaining their operations and achieving long-term business sustainability.

Medan Kota District is one of the major commercial areas in Medan City and is characterized by a substantial number of MSMEs. Increasing business competition, rapid developments in digital technology, and changes in tax policies require MSME owners to develop a sound understanding of financial management, utilize Fintech services effectively, and understand the various tax facilities provided by the government. However, not all MSME owners are able to adequately address these three aspects, which may affect the sustainability of their businesses. Furthermore, the inconsistent findings of previous studies and the research gaps concerning financial literacy, fintech, and tax incentives indicate the need for further empirical investigation. Therefore, this study examines examines whether financial literacy, fintech and tax incentives are associated with business sustainability among the surveyed MSMEs in Medan Kota District.

LITERATURE REVIEW

Business Sustainability

Business sustainability refers to an ongoing process that contributes to the existence and resilience of a particular condition, reflecting a state that is maintained continuously over time Papulasih et al. (2024). It also refers to a business's ability to maintain its operations and fulfill its financial obligations over the long term (Machin et al., 2023). Furthermore, business sustainability encompasses the ability of a business to survive and remain viable in the long term by considering economic, social, and environmental factors Surya et al. (2025). According to Papulasih et al. (2024), business sustainability is indicated by business development plans, targets to be achieved, adjustments to plans in response to market conditions, periodic evaluations, business strategies, and information about competitors to improve business quality. the indicators used to measure business sustainability are concluded as follows:

1. Business Plan
2. Business Plan Renewal
3. Competitor Analysis

Financial Literacy

Financial literacy is defined as the ability to read, analyze, manage, and communicate information regarding financial conditions, which directly influences an individual's material well-being Kadek & Pasek (2022). Financial literacy refers to an individual's ability to understand and apply basic financial concepts, including effective financial management and financial planning Mufarih et al. (2020) . It also serves as a means of empowering individuals facing economic and social limitations by enabling them to make more informed financial decisions, develop better saving habits, and strengthen their creditworthiness. Hidayat-ur-Rehman (2025). According to Papulasih et al. (2024) , Financial literacy encompasses the knowledge and skills required to plan business budgets, monitor cash inflows and outflows, document financial transactions, differentiate between revenue and profit, determine profits after accounting for operating costs, understand fundamental investment principles, and identify the rights and obligations related to borrowing and loan repayment. the indicators are concluded as follows:

1. Financial Management
2. Financial Record-keeping
3. Understanding of Profit
4. Understanding of Investment
5. Understanding of Credit

Fintech

Financial Technology (Fintech) refers to various forms of innovation aimed at improving financial service processes through the application of technological solutions tailored to different business contexts. These innovations not only enhance the efficiency of financial services but also have the potential to generate new business models and even create entirely new types of businesses Leong & Sung (2018). Fintech is an emerging field that integrates financial services with information technology (IT) Ryu (2018) . Furthermore, Fintech represents innovation in the financial sector driven by technological developments in the Digital Era 4.0 Dewi & Purwantini (2023). According to Papulasih et al. (2024), Fintech includes knowledge of online lending platforms for obtaining additional business capital, the ease of using digital payment methods such as QRIS, e-wallets, and mobile banking, and the utilization of marketplace applications to promote and sell products. the indicators used to measure Fintech are concluded as follows:

1. P2P
2. Digital Payment Services
3. Marketplace or E-Commerce Applications

Tax Incentives

Tax incentives are fiscal policies designed to reduce the tax burden on businesses, particularly MSMEs, enabling them to fulfill their tax obligations more easily (Arinah, 2025). Tax incentives also represent government efforts to provide financial and non-financial relief to taxpayers through the tax system (Kusmayati et al., 2024). Furthermore, tax incentives can be defined as government-provided benefits through the tax system to encourage or support specific activities, such as financial contributions to productive and beneficial activities Rustan et al. (2023). According to Putri et al. (2024), tax incentives include awareness of tax exemptions, reduced tax rates for MSMEs by the government, awareness of tax payment deferrals that may be granted by the government under certain circumstances, and understanding of how deferred tax payments can help maintain business financial stability. The indicators used to measure tax incentives are concluded as follows:

1. Tax Exemption
2. Reduction in the Tax Base

3. Tax Rate Reduction
4. Tax Deferral

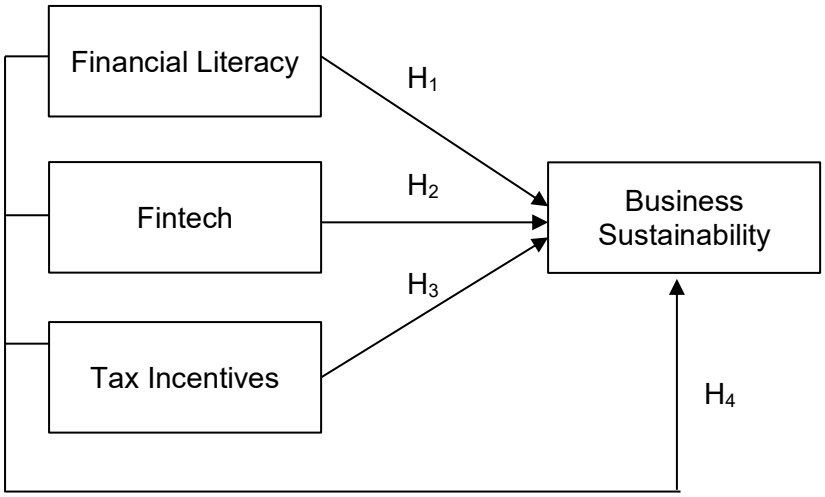


Figure 1. Conceptual Framework

H_1: Financial literacy has a significant effect on the business sustainability of MSMEs in Medan Kota District.
H_2: Fintech has a significant effect on the business sustainability of MSMEs in Medan Kota District.
H_3: Tax Incentives has a significant effect on the business sustainability of MSMEs in Medan Kota District.
H_4: Financial literacy, fintech, and tax incentives have a significant effect on the business sustainability of MSMEs in Medan Kota District.

RESEARCH METHOD

This study employs a quantitative research approach using primary data collected through a survey of MSMEs in Medan Kota District from June to September 2026. The quantitative data required in this study consist of the respondents' questionnaire responses. The population of this study comprises all MSMEs located in Medan Kota District. The accessible population comprised 92 eligible MSMEs listed in the official records of the Office of Cooperatives and MSMEs of Medan City (*Dinas Koperasi dan UKM Kota Medan*, 2026). Prior to the main data collection, a pilot test was conducted using 30 respondents who were separate from the 92 final research respondents to test the research instrument. The sampling technique employed is saturated sampling, resulting in a total sample of 92 MSMEs. Data were collected using a questionnaire where responses were measured on a 5-point Likert scale ranging from 1 ("Strongly Disagree") to 5 ("Strongly Agree"). The score for each variable was calculated by summing the scores of its valid statement items (adapted from Papulasih et al., 2024; Dewi & Purwantini, 2023; Arinah et al., 2025; Putri et al., 2024), yielding possible score ranges of 10–50 for Financial Literacy (10 items), 6–30 for Fintech (6 items), 8–40 for Tax Incentives (8 items), and 6–30 for Business Sustainability (6 items). The data analysis and testing procedures consist of the following:

1. Validity Test
2. Reliability Test
3. Descriptive Statistical Test
4. Classical Assumption Tests:
   a. Normality Test
   b. Heteroscedasticity Test

c. Multicollinearity Test
5. Multiple Linear Regression Analysis
6. Hypothesis Testing:
   a. T-Test
   b. F-Test
   c. Coefficient of Determination Test (R^2)

RESULTS

Validity Test

According to (Ghozali, 2021) the validity test is conducted to determine whether a questionnaire is valid or accurately measures the intended construct. A questionnaire is considered valid if its items are able to measure and reveal the aspects that the questionnaire is designed to assess. The validity test is performed by comparing the calculated correlation coefficient (r-count) with the critical value (r-table). If the r-count is greater than the r-table and has a positive value, the statement item is considered valid.

In this study, the r-table value is 0.361, which was determined using the degree of freedom (df) formula, where df = N − 2 = 30 − 2 = 28. The results of the validity test for each research variable are presented in the following table:

Table 1.
Validity Test Result

Question	r_{count}	r_{table}	Criteria	Information
X1.1	0.767	0,361	$r_{count} > r_{table}$	**Valid**
X1.2	0.763	0,361	$r_{count} > r_{table}$	**Valid**
X1.3	0.751	0,361	$r_{count} > r_{table}$	**Valid**
X1.4	0.776	0,361	$r_{count} > r_{table}$	**Valid**
X1.5	0.755	0,361	$r_{count} > r_{table}$	**Valid**
X1.6	0.718	0,361	$r_{count} > r_{table}$	**Valid**
X1.7	0.815	0,361	$r_{count} > r_{table}$	**Valid**
X1.8	0.812	0,361	$r_{count} > r_{table}$	**Valid**
X1.9	0.543	0,361	$r_{count} > r_{table}$	**Valid**
X1.10	0.390	0,361	$r_{count} > r_{table}$	**Valid**
X2.1	0.845	0,361	$r_{count} > r_{table}$	**Valid**
X2.2	0.843	0,361	$r_{count} > r_{table}$	**Valid**
X2.3	0.775	0,361	$r_{count} > r_{table}$	**Valid**
X2.4	0.743	0,361	$r_{count} > r_{table}$	**Valid**
X2.5	0.757	0,361	$r_{count} > r_{table}$	**Valid**
X2.6	0.782	0,361	$r_{count} > r_{table}$	**Valid**
X3.1	0.605	0,361	$r_{count} > r_{table}$	**Valid**
X3.2	0.674	0,361	$r_{count} > r_{table}$	**Valid**
X3.3	0.827	0,361	$r_{count} > r_{table}$	**Valid**
X3.4	0.787	0,361	$r_{count} > r_{table}$	**Valid**
X3.5	0.703	0,361	$r_{count} > r_{table}$	**Valid**
X3.6	0.734	0,361	$r_{count} > r_{table}$	**Valid**

X3.7	0.789	0,361	$r_{count} > r_{table}$	**Valid**
X3.8	0.692	0,361	$r_{count} > r_{table}$	**Valid**
Y.1	0.678	0,361	$r_{count} > r_{table}$	**Valid**
Y.2	0.746	0,361	$r_{count} > r_{table}$	**Valid**
Y.3	0.687	0,361	$r_{count} > r_{table}$	**Valid**
Y.4	0.694	0,361	$r_{count} > r_{table}$	**Valid**
Y.5	0.729	0,361	$r_{count} > r_{table}$	**Valid**
Y.6	0.667	0,361	$r_{count} > r_{table}$	**Valid**

Source: Processed data, 2026

From the table, the validity test results for the financial literacy, fintech, tax incentives, and business sustainability variables show that all Corrected Item-Total Correlation values are greater than the r-table value of 0.361. This indicates that all questionnaire items measuring financial literacy, fintech, tax incentives, and business sustainability are valid and can be used in the study.

Reliability Test

According to (Ghozali, 2021) reliability test is conducted to measure the consistency of a questionnaire used as an indicator of a variable or construct. Following the validity test, the next stage is to conduct a reliability test to determine the consistency of respondents' answers to the questionnaire items. A questionnaire is considered reliable if the Cronbach's alpha value is greater than 0.60. The results of the reliability tests for each research variable are presented in the following table.

Table 2.
Reliability Test Result

Variabel	Cronbach's Alpha	N of Items
Financial Literacy	0.890	**10**
Fintech	0.879	**6**
Tax Incentives	0.870	**8**
Business Sustainability	0.791	**6**

Source: Processed data, 2026

The analysis results show that the independent and dependent variables have Cronbach's Alpha values above 0.6. Based on these results, it can be concluded that all research instruments are reliable and, therefore, suitable for use in the study.

Descriptive Statistical Test

According to (Ghozali, 2021) Descriptive statistics provide a summary or description of the characteristics of a dataset based on several measures, including variance, maximum, minimum, sum, range, standard deviation, mean, kurtosis, and skewness. In this study, the descriptive statistics employed consist of the mean, standard deviation, maximum, and minimum values.

Table 3.
Descriptive Statistical Test Result (N=92)

Descriptive Statistic

Construct	Min.	Max.	M	S.D
Financial Literacy	17	47	33,78	7,867
Fintech	9	28	18,30	4,806
Tax Incentives	11	39	24,93	6,633
Business Sustainability	9	28	18,55	4,001
Valid N (listwise)				

Source: Processed data, 2026

The analysis results show that the study comprised 92 observations, representing MSME respondents in Medan Kota District. The financial literacy variable has a minimum value of 17 and a maximum value of 47, with a mean of 33.78 and a standard deviation of 7.867. The Fintech variable has a minimum value of 9 and a maximum value of 28, with a mean of 18.30 and a standard deviation of 4.806. The tax incentive variable has a minimum value of 11 and a maximum value of 39, with a mean of 24.93 and a standard deviation of 6.633. Meanwhile, the MSME business sustainability variable has a minimum value of 9 and a maximum value of 28, with a mean of 18.55 and a standard deviation of 4.001.

Normality Test
According to (Sahir, 2021), the normality test is conducted to determine whether the regression residuals are normally distributed. The residuals are considered to be normally distributed if the significance value is greater than 0.05. In contrast, if the significance value is less than 0.05, they are considered not normally distributed. Borderline values (such as 0.050) should be verified using unrounded figures and interpreted alongside the residual plots.

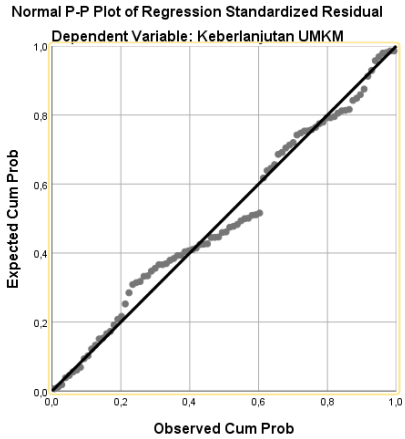


Figure 2. P-Plots
Source: Processed data, 2026

Based on Figure 2 above, the data points are distributed around and follow the diagonal line. This result indicates that the data are normally distributed.

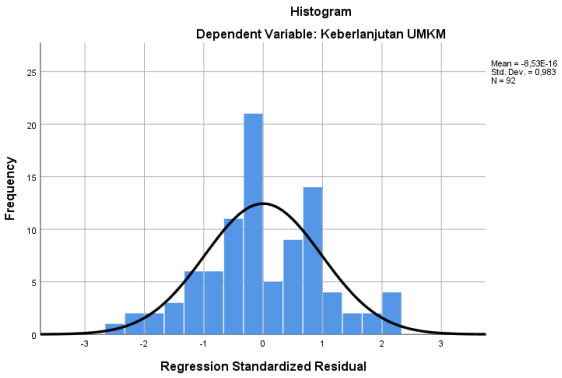


Figure 3. Histogram
Source: Processed data, 2026

Based on Figure 3 above, the data distribution forms a curve that tends to be symmetrical around the mean (U). The results of the test indicate that the data are normally distributed.

Table 4.
Kolmogorov Smirnov Normality Test Results

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		**92**
Normal Parameters[a,b]	Mean	**.0000000**
	Std. Deviation	**3.16812788**
Most Extreme Differences	Absolute	**.092**
	Positive	**.092**
	Negative	**-.078**
Test Statistic		**.092**
Asymp. Sig. (2-tailed)		**.050[c]**

Source: Processed data, 2026

Based on the results of the normality test using the Kolmogorov–Smirnov test, the Asymp. Sig. (2-tailed) value was reported at 0.050. The residual plots were broadly consistent with normality, while the Kolmogorov–Smirnov result was borderline ($p = .050$). This alone does not require rejecting the regression model.

Heteroscedasticity Test
According to (Sahir, 2021) heteroscedasticity test is conducted to determine whether there is unequal variance of the residuals across observations. The data are considered to be free from heteroscedasticity if the significance value is greater than 0.05. Conversely, if the significance value is less than 0.05, the data are considered to exhibit heteroscedasticity.

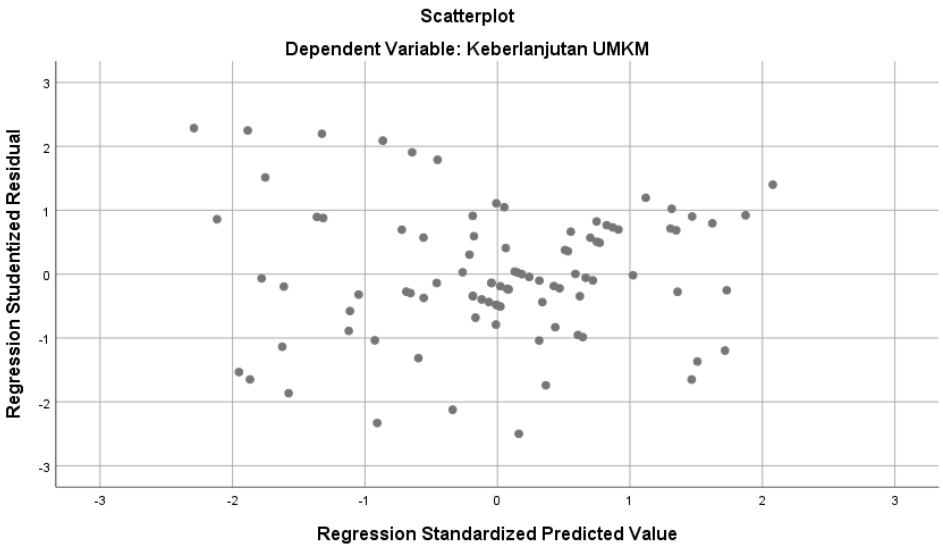


Figure 4. Heteroscedasticity
Source: Processed data, 2026

Based on Figure 4 above, the data points are distributed both above and below the origin (0) on the Y-axis. This indicates that there is no heteroscedasticity in the regression model, or in other words, the model exhibits homoscedasticity.

Multicollinearity Test

According to (Sahir, 2021) multicollinearity test is conducted to determine whether there is a high correlation among the independent variables. Multicollinearity can be detected using the Variance Inflation Factor (VIF) and Tolerance (TOL) values. According to (Ghozali, 2021) multicollinearity can be identified by examining the Tolerance and VIF values. If the Tolerance value is ≥ 0.10 or the VIF value is ≤ 10, the data are considered to be free from multicollinearity. Conversely, if the Tolerance value is < 0.10 or the VIF value is > 10, the data are considered to exhibit multicollinearity.

Table 5.
Multicollinearity Test Result

Coefficients[a]			
Model		**Collinearity Statistics**	
		Tolerance	**VIF**
1	Financial Literacy	,754	**1,326**
	Fintech	,823	**1,214**
	Tax Incentives	,735	**1,360**

Source: Processed data, 2026

Based on the table above, the financial literacy variable has a VIF value of 1.326 < 10 and a Tolerance value of 0.754 > 0.10. Therefore, it can be concluded that the financial literacy independent variable does not exhibit multicollinearity. The Fintech variable has a VIF value of 1.214 < 10 and a Tolerance value of 0.823 > 0.10, indicating that the Fintech independent variable does not exhibit multicollinearity. Meanwhile, the tax incentive variable has a VIF value of 1.360 < 10 and a Tolerance value of 0.735 > 0.10. In conclude, the tax incentive independent variable also does not exhibit multicollinearity.

Multiple Linear Regression Analysis

According to (Ghozali, 2021) multiple linear regression analysis is used to determine the effects of more than one independent variable on a single dependent variable.
The regression equation used in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

Y	: Business Sustainability
X_1	: Financial Literacy
X_2	: Fintech
X_3	: Tax Incentives
α	: Constant
$\beta_1 ....\beta_2$	: Regression coefficient
e	: Error

Table 6.
Multiple Linear Regression Analysis Results

Model		**Unstandardized Coefficients**		**Standardized Coefficients**
		B	Std. Error	**Beta**
1	(Constant)	8,519	1,775	
	Financial Literacy	-,027	,049	**-,053**
	Fintech	,452	,077	**,543**
	Tax Incentives	,166	,059	**,178**

Source: Processed data, 2026

Based on the table, the multiple linear regression equation for this study can be expressed as follows:

Business Sustainability = 8,519 - 0,027 Financial Literacy+ 0,452 Fintech + 0, 166 Tax Incentives + e

The regression coefficient for financial literacy is -0.027, indicating that, holding the other independent variables constant, a one-unit increase in financial literacy is associated with a decrease of 0.027 in business sustainability scores. The regression coefficient for Fintech is 0.452, indicating that, holding other predictors constant, a one-unit increase in Fintech is associated with an increase of 0.452. The regression coefficient for tax incentives is 0.166, indicating that, holding other predictors constant, a one-unit increase in tax incentives is associated with an increase of 0.166, indicating that, assuming the other independent variables remain at 0 or constant, a one-unit increase in tax incentives is associated with an increase of 0.166 in MSME business sustainability.

T-Test

According to (Ghozali, 2021) t-test is used to determine the extent to which an individual independent variable influences the dependent variable.

Table 7.
T-Test Result

Coefficients[a]			
	Model	t	**Sig.**
1	(Constant)	4.800	**.000**
	Financial Literacy	-0.548	**.585**

Fintech	5.838	**.000**
Tax Incentives	2.807	**.006**

Source: Processed data, 2026

The t-table value for 92 samples at α = 0.05 using a two-tailed test is 1.98698. This value was determined using the degree of freedom (df) formula, where df = N − k = 92 – 3 - 1 = 88, with N representing the total number of samples and k representing the number of independent variables. The analysis results show that financial literacy has a t-count value of -0.548 < t-table value of 1.98729, with a significance value of 0.585 > 0.05. Therefore, it can be concluded that financial literacy does not have a significant effect on MSME business sustainability in Medan Kota District. Fintech has a t-count value of 5.838 > t-table value of 1.98729, with a significance value of 0.000 < 0.05. Therefore, it can be concluded that fintech has a significant effect on MSME business sustainability in Medan Kota District. Meanwhile, tax incentives have a t-count value of 2.807 > t-table value of 1.98729, with a significance value of 0.006 < 0.05. Therefore, it can be concluded that tax incentives have a significant effect on MSME business sustainability in Medan Kota District.

F-Test

According to Ghozali (2021) F-test is conducted to determine the simultaneous effect of the independent variables on the dependent variable. This test was conducted to determine whether the independent variables in the model simultaneously affect the dependent variable. Siallagan (2023); (Wahyuni et al., 2021). The results of the F-test are presented as follows:

Table 8.
F-Test Result

ANOVA[a]			
Model		F	**Sig.**
1	Regression	17.450	**.000[b]**
	Residual		
	Total		

Source: Processed data, 2026

For a sample of 92 respondents at α = 0.05, the calculated F-value is 17.450. This value was determined using the degrees of freedom, where df1 = the number of independent variables = 3 and df2 = N − k − 1 = 92 − 3 − 1 = 88. The analysis results show that the calculated F-value of 17.450 > the F-table value of 2.71, with a significance value of 0.000 < α (0.05). Therefore, it can be concluded that financial literacy, Fintech, and tax incentives simultaneously have a significant effect on MSME business sustainability in Medan Kota District.

Coefficient Determination Test

According to Ghozali (2021) The coefficient determination test is used to measure the extent to which the model is able to explain the variation in the dependent variable. The coefficient of determination ranges from zero to one. A value close to one indicates that the independent variables provide most of the information needed to predict variations in the dependent variable.

The value ranges from 0 to 1, where a value closer to 1 indicates a better model's explanatory power (Wilson et al., 2023); (Wahyuni, 2025). The result of the coefficient of determination test are presented in the following table.

Table 9.
Coefficient Determination Test Results

Model Summary[b]				
Model	R	R Square	Adjusted R Square	**Std. Error of the Estimate**
1	,611[a]	,373	,352	**3,222**

a. Predictors: (Constant), X3, X2, X1
b. Dependent Variable: Y

Source: Processed data, 2026

The analysis results show an R Square value of 0.373, indicating that 37.3% of the variation in MSME business sustainability can be explained by financial literacy, Fintech, and tax incentives. The remaining 62.7% of the variation in MSME business sustainability can be explained by other variables that were not examined in this study.

DISCUSSION

Financial Literacy on Business Sustainability

Based on the partial test results regarding the effect of financial literacy, the analysis shows a t-count value of -0.548 < the t-table value of 1.98729, with a significance value of 0.585 > 0.05. This indicates that financial literacy was not statistically distinguishable from zero in this sample; this does not show that financial literacy is unimportant. Therefore, H1 is rejected. This result is not consistent with previous studies that reported a significant effect of financial literacy on MSME business sustainability, such as Goyal et al. (2025), who found that financial literacy has a positive and statistically significant effect on business sustainability. However, this result is consistent with Widiantari et al. (2024), who found that financial literacy does not have a significant effect on business sustainability.

Fintech on Business Sustainability

Based on the partial test results regarding the effect of Fintech, the analysis shows a t-count value of 5.838 > the t-table value of 1.98729, with a significance value of 0.000 < 0.05. This indicates that Fintech has a significant effect on MSME business sustainability in Medan Kota District. Therefore, H2 is accepted. This result is consistent with the study conducted by Ikhsanuddin et al. (2024), which found that Fintech can improve business sustainability.

Tax Incentives on Business Sustainability

Based on the partial test results regarding the effect of tax incentives, the analysis shows a t-count value of 2.807 > the t-table value of 1.98729, with a significance value of 0.006 < 0.05. This indicates that tax incentives have a significant effect on MSME business sustainability in Medan Kota District. Therefore, H3 is accepted. This result is consistent with the study conducted by Arinah et al. (2025) which found that tax incentives can improve business sustainability.

Financial Literacy, Fintech, and Tax Incentives on Business Sustainability

Based on the simultaneous test results regarding the effects of financial literacy, fintech, and tax incentives, the analysis shows an F-count value of 17.450 > the F-table value of 2.71, with a significance value of 0.000 < 0.05. This indicates that the model was significant overall; this does not mean that all three predictors were individually significant. Therefore, H4 is accepted. This result is consistent with several previous studies, including those conducted by Goyal et al. (2025), Arinah et al. (2025), Ikhsanuddin et al. (2024), which indicate that the combination of financial literacy, Fintech, and tax incentives plays an important role in supporting MSME business sustainability. The Coefficient of Determination (R^2) value of 0.373 indicates that the

model explained 37.3% of the observed variation; the remaining 62.7% was unexplained by this model. Meanwhile, the Adjusted R^2 value is reported at 0.352.

CONCLUSION

Based on the results of this study, fintech and tax-incentive scores were positively associated with sustainability scores, while the financial-literacy association was not statistically significant. Simultaneously, financial literacy, fintech, and tax incentives have a significant effect on MSME business sustainability in Medan Kota District. The model explained 37.3% of the observed variation while the remaining 62.7% is explained by other factors outside the research model (adjusted R² = .352). These survey findings do not establish causation and should be interpreted within the verified sampling frame and the dimensions measured.

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