

**The Effect of Financial Behavior, Financial Technology, and E-Commerce Adoption on UMKM Income Growth: A Case Study of 'Baku Timba Fest,' Jayapura City****Aprianto La'lang Kuddy<sup>1\*</sup>, Neni Setiarini<sup>2</sup>, Isma Shalihi Ahlia<sup>3</sup>, Fanny K.T. Sitompul<sup>4</sup>**<sup>1,2,3,4</sup>Faculty of Economics and Business, Cenderawasih University, Indonesia

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**Abstract**

This study investigates the influence of financial behaviour, financial technology, and e-commerce adoption on the income growth of micro, small, and medium enterprises (UMKM) participating in the "Baku Timba Fest" in Jayapura City. Using purposive sampling, data were collected from 30 respondents through questionnaires. The study employs a quantitative research method, including classical assumption tests and multiple linear regression analyses. However, the abstract does not provide details on how financial technology and e-commerce are measured. Including information about the indicators or operational variables would clarify the analysis and strengthen the findings. The results show that financial behaviour significantly impacts income growth. Although financial technology and e-commerce adoption exhibit a positive relationship with income growth, their effects are not statistically significant. Furthermore, collectively, all three variables significantly influence UMKM income growth. These findings underscore the importance of targeted strategies to enhance financial behaviour and optimize the use of technology for sustainable income growth among UMKM.

**Keywords:** E-Commerce Adoption, Financial Behavior, Financial Technology, UMKM Baku Timba Fest.**INTRODUCTION**

Micro, Small, and Medium Enterprises (UMKM) play a crucial role in Indonesia's economy, contributing 61.07% to the national GDP (Irawan & Sukiyono, 2021). In Jayapura City, the creative economy sector, including UMKM, exhibits great potential, particularly through events such as the Baku Timba Fest. This festival has become a platform for promoting local products and fostering economic growth, especially in the culinary sector, which forms a significant part of Jayapura's creative economy (Sokoy, 2022).

According to Kementerian Koperasi dan UKM, there are approximately 64.2 million UMKM in Indonesia, contributing IDR 8,573.89 trillion to the national GDP. In Jayapura, the local government actively supports UMKM through initiatives like the Baku Timba Fest, which combines cultural promotion with economic empowerment. This event not only boosts UMKM earnings but also serves as a strategic platform to introduce

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financial technology and e-commerce solutions to local entrepreneurs, emphasizing the critical role of digital transformation (Utami et al., 2024).

Digitalization has emerged as a vital tool for enhancing UMKM operations. A study by Universitas Gadjah Mada (UGM) in 2020 revealed that during the COVID-19 pandemic, only 25.5% of UMKM continued with traditional marketing methods, while the majority transitioned to digital platforms such as social media and e-commerce (Japar, 2024). This trend underscores the importance of technological adoption in ensuring UMKM sustainability and growth.

Despite these advancements, UMKM still face significant challenges. Barriers such as limited infrastructure, high logistics costs, and inadequate training hinder the adoption of financial technology and e-commerce (Ariansyah et al., 2021). Additionally, low digital financial literacy further restricts the effective utilization of these tools. Understanding the interaction between financial behavior, financial technology, and e-commerce adoption is essential in addressing these challenges. This study aims to investigate: (1) whether financial behavior, financial technology, and e-commerce adoption individually influence UMKM income, and (2) how these three variables collectively impact UMKM income. The study further explores the synergistic relationships among these variables, particularly in the context of MSMEs, to provide insights into strategies for enhancing their economic contributions (Kijkasiwat et al., 2021).

## RESEARCH METHODS

This study employed a quantitative approach with a survey method. Data were collected through closed questionnaires distributed to 30 UMKM participants registered at the Baku Timba Fest. The variables used were: Dependent Variable - Income Growth (Y), and Independent Variables - Financial Behavior (X1), Financial Technology (X2), and E-Commerce Adoption (X3). Measurements were conducted using a 5-point Likert scale, and instrument quality was ensured through validity and reliability tests.

Data analysis was performed using multiple linear regression with SPSS version 29.0. However, the detailed procedures for conducting the analysis were not outlined, such as the steps in performing the regression analysis. Including these details, such as data preparation, assumption testing (e.g., normality, multicollinearity, and heteroscedasticity), and the interpretation of the regression coefficients, would help readers better understand how the results were calculated (Knief & Forstmeier, 2021).

## RESULTS AND DISCUSSION

### Partial Test Results (t-test)

- a) Financial Behavior (X1) significantly influences UMKM income ( $t = 2.090$ ;  $p = 0.047 < 0.05$ ).
- b) Financial Technology (X2) does not significantly influence UMKM income ( $t = 1.251$ ;  $p = 0.222 > 0.05$ ).

c) E-Commerce Adoption (X3) does not significantly influence UMKM income ( $t = 0.043$ ;  $p = 0.966 > 0.05$ ).

#### **Simultaneous Test Results (F-test)**

Simultaneously, the three independent variables significantly influence UMKM income ( $F=3.419$ ;  $p=0.032 < 0.05$ ). This indicates that the combination of financial management, financial technology usage, and e-commerce adoption can positively impact UMKM's income.

The findings reveal that financial behaviour is the primary factor affecting UMKM income. Practices such as recording expenses, budgeting, and regular saving have proven to improve operational cost efficiency (Evianti et al., 2024).

Conversely, financial technology has yet to contribute significantly to UMKM's income. Despite widespread usage among business actors, low digital financial literacy remains a major barrier. Studies show that UMKM actors in Southeast Asia often fail to fully understand the benefits of financial technology, limiting its use to simple transactions (Hermawan & Nugraha, 2022).

E-commerce adoption also shows an insignificant influence on UMKM income. Challenges such as inadequate technological infrastructure, high logistics costs, and lack of training are the main obstacles (Caliskan et al., 2024). Nonetheless, e-commerce remains a significant opportunity for expanding UMKM markets, particularly when supported by appropriate government policies.

#### **CONCLUSION**

This study concludes that financial behavior significantly influences MSME income at the Baku Timba Fest, while financial technology and e-commerce adoption do not have a significant partial effect. However, these three variables collectively exert a significant impact. The practical implications highlight the need for targeted financial management training, such as workshops on budgeting, financial planning, and cash flow management, to improve financial literacy among MSME actors. Additionally, improving technological literacy through hands-on training in e-commerce platforms, digital marketing strategies, and the use of financial technology tools is essential for optimizing their potential.

Furthermore, this study acknowledges certain limitations, such as the focus on a specific event and the limited sample size, which may affect the generalizability of the findings. Future research could explore broader contexts and include longitudinal data to provide a more comprehensive understanding of these variables.

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