

## OPTIMIZING FINANCIAL MANAGEMENT IN YOUNG ENTREPRENEURS: THE ROLE OF FINTECH ADOPTION AND ENTREPRENEURIAL EXPERIENCE IN MSMEs

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### ABSTRACT

*This study is purposed to investigate whether or not there is a significant difference in the effectiveness of financial management between young entrepreneurs using and not using fintech applications in Bali, with entrepreneurial experience serving as the moderating variable. The quantitative survey that was conducted collected primary data through questionnaires from 200 owners of MSMEs who already possessed business legality. The purpose of the sampling technique was young entrepreneurs aged 16-35 years with at least 5 years of experience. From the results, the test showed that fintech usage positively and significantly affected the effectiveness of financial management, with a coefficient value of 0.412, while the moderator role of entrepreneurial experience increased the effect of fintech use on the effectiveness of financial management with a significance value of 0.035. These findings emphasize that the adoption of FinTech can be instrumental in enhancing the ability of young entrepreneurs in managing finance, while experience helps them to use technology more effectively. This research contributes to the understanding of how important FinTech and entrepreneurial experience are to improve financial management and sends recommendations to stakeholders on how these could help the young entrepreneur use digital financial solutions.*

**Keywords** : Fintech, Financial Management Effectiveness, Young Entrepreneurship Entrepreneurial Experience, MSMEs.

### ABSTRAK

*Penelitian ini bertujuan untuk mengeksplorasi pengaruh penggunaan teknologi finansial (fintech) terhadap efektivitas manajemen keuangan pada kewirausahaan muda di Bali, dengan pengalaman kewirausahaan sebagai variabel moderasi. Metode yang digunakan adalah survei kuantitatif dengan data primer yang dikumpulkan melalui kuesioner yang disebarkan kepada 200 pemilik usaha mikro, kecil, dan menengah (UMKM) yang memiliki legalitas usaha. Pengambilan sampel dilakukan menggunakan teknik purposive sampling, fokus pada wirausaha muda berusia 16-35 tahun dengan pengalaman minimal 5 tahun. Hasil penelitian menunjukkan bahwa penggunaan fintech memiliki pengaruh positif dan signifikan terhadap efektivitas manajemen keuangan, dengan nilai koefisien 0.412. Selain itu, pengalaman kewirausahaan berperan sebagai variabel moderasi yang memperkuat hubungan antara penggunaan fintech dan efektivitas manajemen keuangan, dengan nilai signifikansi sebesar 0.035. Temuan ini menegaskan bahwa adopsi fintech dapat meningkatkan kemampuan wirausaha muda dalam mengelola keuangan, sedangkan pengalaman membantu mereka memanfaatkan teknologi secara efektif. Penelitian ini memberikan kontribusi terhadap pemahaman*

*pentingnya fintech dan pengalaman kewirausahaan dalam meningkatkan manajemen keuangan, serta menawarkan rekomendasi bagi pemangku kepentingan untuk mendukung wirausaha muda dalam memanfaatkan solusi finansial digital.*

**Kata kunci :** *Fintech, Efektivitas Manajemen Keuangan, Kewirausahaan Muda, Pengalaman Kewirausahaan, UMKM.*

## 1. INTRODUCTION

The development in the fast-growing digital era caused so many new impacts on information and communication technology to significantly affect various fields of life among others, the world of entrepreneurship (Setyawati et al., 2024). One of the developments coming from such conditions is financial technology more popularly called fin-tech, which originated from the development made (Nofalia, 2019). Financial technology or in short terms, fintech was a new innovation that came out as a result of such development. Fintech is the integration of technology and financial services, facilitating easy access by the general public to different financial products and services, such as but not limited to: payments, loans, investments, and financial management. According to Kusuma & Asmoro (2021), by using fintech, wider and easier access to financial solutions that might improve the efficiency of entrepreneurs' business financial management is afforded to entrepreneurs, especially young ones. According to Ulami (2024), the use of fintech in enhancing inclusive finance would bring convenience to customers regarding transactions and other financial matters.

According to Jay Aryaputra Singgih (2022), young entrepreneurship in Indonesia has recorded faster growth, which means it plays a very significant role in the national economy today. On the other hand, while many of them have brilliant ideas to date, according to Putri et al. (2021), they usually face several challenges in managing their enterprise finances. Among these, a major challenge is the lack of knowledge and understanding in regard to the main principles of financial management, as explained by (Hafsah, 2004). Besides that, most young entrepreneurs usually find it difficult to access traditional financial services, as was explained in Workshop (2023); for example, banks are usually not friendly to small and medium enterprises. Uncertainty in investment decision-making often becomes one of the causes that could hurdle cash flow management towards business success.

The use of fintech is expected to solve financial management (Raharjo et al., 2022). With easy technology and various features offered, FinTech can help young entrepreneurs to plan, manage and monitor business finances more properly. Application examples are that fintech-based financial management applications help entrepreneurs maintain financial records, analyze cash flows, and budget more effectively. Easy access to loans and investments through fintech platforms can grant the capital required for the growth of their businesses. In this line, Andaiyani et al. (2020) echoed that through fintech, easy access to loans and investments helps in the provision of capital that fuels entrepreneurial business growth.

However, despite the conveniences offered by fintech, the impact on financial management is not always positive (Karyatun, 2023). Education enhances an entrepreneur's financial management behavior through financial literacy, improving the ability to use Fintech tools. According to Novianti & Retnasih (2023) research, a better education indicates better financial management since educated persons are more willing to engage in fintech solutions. In such a case, entrepreneurial experience serves as a

determining variable (Desy, 2021). Experienced young entrepreneurs know the risks and benefits of using financial technology (Solihudin et al., 2023). Besides, they can adapt much more easily to changes in technologies and therefore take greater advantage of the various fintech features that may help to support their decisions in finance.

Although a great deal of research has been carried out with a view to understanding the association between financial technology and entrepreneurship, there is a gap in the literature with regard to applying entrepreneurial experience as a moderating variable within the context of fintech and entrepreneurship. The majority of studies in this field has concentrated on how using fintech directly affects business performance, ignoring the impact of entrepreneurial experience on how well fintech is employed in financial management.

Therefore, the dynamics necessitates further in-depth research, since young entrepreneurs are among the most integral factors of the digital economy. Through the addition of an entrepreneurial experience moderating variable, this present study extends this novelty in examining the relationship between the use of fintech and financial management. It should, therefore, provide a fuller understanding of how individual experiences may affect the usage of financial technology and its implications for financial management practices. Another important issue refers to the population of interest taken into consideration herein-young entrepreneurs in Indonesia. This represents a very specific group with characteristics and challenges not common to other entrepreneurship contexts.

Therefore, the study will seek to explore the implications that could arise from using fintech to improve the level of financial management among young entrepreneurs in the digital era. This study uses entrepreneurial experience as a moderating variable to find out how such experience can influence the relationship between the use of fintech and the improvement in financial management. This is also important in advancing practical recommendations for young entrepreneurs in using financial technology to realize optimum performance concerning financial management.

## **2. THEORETICAL FOUNDATION AND HYPOTHESIS DEVELOPMENT**

### **Theoretical Foundation**

#### **Technology Acceptance Model (TAM)**

TAM describes the factors that influence an individual's acceptance and usage of new technology. The two major components of TAM are perceived ease of use and perceived usefulness (Venkatesh & Davis, 2000). In the context of fintech adoption, perceived ease of use refers to how effortlessly entrepreneurs can utilize financial technology tools, while perceived usefulness pertains to the tangible benefits fintech provides in improving financial management practices. Prior studies have confirmed the relevance of TAM in fintech adoption. For example, Yulianto & Rita (2023) proved that perceived ease of use and usefulness significantly influence the adoption of fintech by entrepreneurs, which, in turn, improves business efficiency and access to financial services. In this case, the entrepreneurial experience acts as a moderating variable. The more experienced the entrepreneur, the more useful and easier to use they perceive fintech to be in enhancing financial decision-making. This further extends the understanding of how TAM applies in specific contexts such as young entrepreneurship and the need for nuanced exploration.

## **Entrepreneurial Resilience Theory**

The Entrepreneurial Resilience Theory has been centered on the ability of entrepreneurs to adapt to changes and uncertainties in the business environment. According to Akmal & Arifa (2023), "Resilience is an important attribute of entrepreneurs in facing rapid changes and unexpected situations." This theory becomes particularly relevant in the dynamic digital economy, where young entrepreneurs often encounter challenges requiring adaptive responses. Previous research, such as that by Solihudin et al. (2023), found that resilience enhances the ability to adopt technological solutions effectively, including fintech tools. Entrepreneurial experience may, therefore, serve as a moderating influence that enhances the relationship between the use of fintech and good financial management. Resilient entrepreneurs, particularly those with longer experience, can navigate barriers to fintech adoption more effectively and optimize benefits. This theoretical standpoint is supported by Desy (2021), who noted that resilience allows entrepreneurs to utilize technological innovations better to improve financial outcomes.

This relation has been very widely researched in the literature with major focuses on the role it plays in facilitating access to finance and operational efficiency. While much research exists that relates the direct impacts of the adoption of Fintech on business performance, very few studies have related this impact with moderating variables. The inclusion of entrepreneurial experience as a moderating variable is a relatively unexplored area. This study fills this gap by investigating the effect of entrepreneurial experience on the efficiency of fintech utilization in financial management among young entrepreneurs. By integrating theoretical insights from the Technology Acceptance Model and Entrepreneurial Resilience Theory, this study provides a detailed understanding of how individual capabilities shaped by experience influence fintech adoption and its outcomes within financial management. This approach represents a novel contribution to the literature by bridging the domains of technology acceptance, financial management, and entrepreneurial behavior.

## **Financial Technology**

Financial technology (fintech) is conceptually defined as the integration of financial services and technology, enabling efficient access to financial solutions (Kusuma & Asmoro, 2021). Operationally, fintech in this study refers to the use of applications or platforms by young entrepreneurs to manage their finances, including activities such as cash flow monitoring, budgeting, and investment. Financial management effectiveness is conceptually defined as the ability to plan, organize, and control financial resources efficiently to achieve business objectives (Ulami, 2024). Operationally, this effectiveness is measured through indicators like improved cash flow, accurate financial records, and successful budget management.

## **Entrepreneurial Experience**

Entrepreneurial experience is conceptually understood as the accumulated knowledge and skills gained through entrepreneurial activities, which enhance decision-making and adaptability in business contexts (Desy, 2021). This is operationalized by assessing the number of years an individual has been running their business and their familiarity with financial technology. Additionally, resilience is defined conceptually as the capacity to recover from challenges and adapt to changes within the entrepreneurial

ecosystem (Akmal & Arifa, 2023). Operationally, resilience is evaluated through self-reported measures of adaptability, problem-solving, and stress management in entrepreneurial activities. These definitions provide a structured framework for examining the moderating role of entrepreneurial experience in the relationship between fintech use and financial management effectiveness.

**Hypotheses Development**

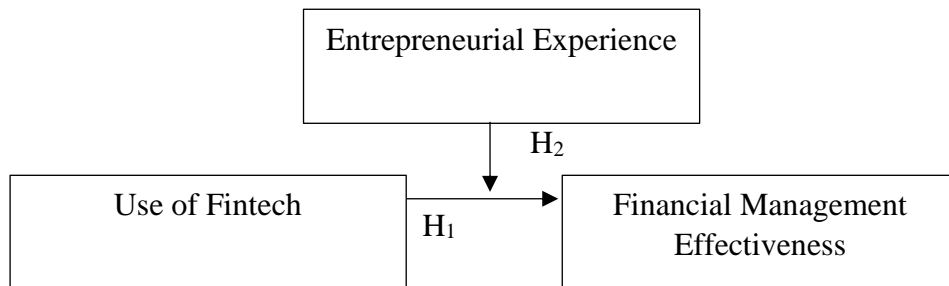
**Hypothesis 1 (H<sub>1</sub>): The use of Fintech is related positively to financial management effectiveness among young entrepreneurs.**

Explanations: Based on the Technology Acceptance Model, if young entrepreneurs believe that FinTech is an easy-to-use tool and generates real value for them, they will more actively develop this technology in practice and management. Application of FinTech allows making real-time analyses of financial condition, enhancing the accuracy of decision-making, optimizing cash flows, which contributes to financial management effectiveness. Yulianto & Rita (2023) have cited that Fintech significantly improves the performances of SMEs because it improves operational efficiency and increases access to financial services that improve financial performance.

**Hypothesis 2 (H<sub>2</sub>): Entrepreneurial experience mediates the effect of using Fintech to handle finance effectively**

Explanatory insights: Drawing upon Entrepreneurial Resilience Theory, the more experienced entrepreneurs are resilient and capable of overcoming challenges to diffuse new technology. In turn, entrepreneurial experience will enhance the influence of fintech use on financial management. Indeed, experienced entrepreneurs can, to a better extent, utilize resources from fintech in managing both personal and business finances optimally (Karyatun, 2023). Thus, entrepreneurial experience will enhance the positive effect of fintech use on effective financial management.

**3. RESEARCH MODEL**



**Figure 1. Research Model**

**4. METHODS**

Decentralization fund research by the Directorate General of Small and Medium-Sized Enterprises in Bali Province was conducted to identify various legalities received by MSMEs in business. Data collection was done by giving questionnaires to the owners

of MSMEs as respondents, and the primary data were used to represent the latest condition of the data source directly obtained from the respondents. The population in this study consists of 16,650 MSMEs operating in Bali Province. A purposive sampling was done, wherein the defined criteria target youth entrepreneurship, meaning entrepreneurial activities undertaken by persons between 16 and 35 years of age who can understand the use of fintech and have at least five years of experience. This resulted in a sample size of 200 MSMEs for this study.

All the variables were measured using the Likert scale. The Likert scale is a device used for attitude measurement and is of a uniform presentation format, with a series of statements to be agreed or rejected by the respondent with options such as strongly agree, agree, neutral, disagree, and strongly disagree, relating to aspects of each research variable. This approach was suitable as recommended by Claveria (2021) because it is an effective method for assessing attitudes and perceptions in economic and social research contexts. Table 1 outlines the primary indicators for each research variable.

**Table 1 : Main Indicators Variables**

Variable	Main Indicator
Fintech Usage	Frequency of fintech application usage for financial management
Financial Management Effectiveness	Level of structured cash flow management
Entrepreneurial Experience	Duration of business operation experience (in years)

*Source: Primary data processed, 2024*

Data analysis in the study used Partial Least Square Structural Equation Modelling (PLS-SEM) Version 4.0, an advanced statistical analysis technique suitable for evaluating complex relationships among variables characterizing social sciences research. PLS-SEM considers the assessment of both the measurement and structural models simultaneously; hence, it is appropriate for assessing the relationships among the research variables.

**5. RESULTS AND DISCUSSION**

**Table 2 : Construct Reliability and Validity.**

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Entrepreneurial Experience	0,665	0,813	0,789	0,549
Financial Management Effectiveness	0,774	0,841	0,849	0,548
Use of Fintech	0,862	0,913	0,915	0,702

*Source: Primary data processed, 2024*

From the output of Table 2, it is observable that the AVE values for each variable stand more than 0.5; hence, all indicators are said to converge to their corresponding variables legitimately. Secondly, there were Cronbach's Alpha and CR values found - both above the threshold value of 0.6 for each variable. It should be noted that, as the

variables and their items meet the requirements of the validity and reliability of the study, it can be said that.

**Table 3 : R-Square**

	R-square	R-square adjusted
Financial Management Effectiveness	0,956	0,955

Source: Primary data processed, 2024

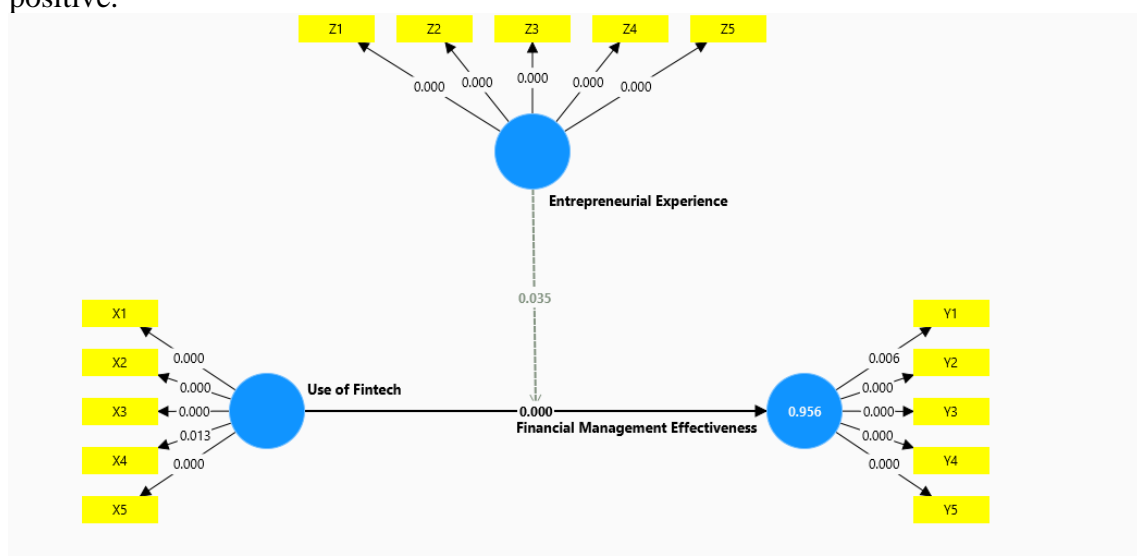
For combined fintech use and financial management effectiveness, the results in table 3, R-square is 0.958, while the adjusted R squared is 0.955, as illustrated in Table 2. From the information provided, it means that access to the use of fintech explains about 95.6% variation in the financial management effectiveness by exogenous factors. Since the adjusted R-square is above 33%, the use of fintech has a significant effect on financial management effectiveness.

**Table 4 : Path Coefficients**

Entrepreneurial Experience	Financial Management Effectiveness
Use of Fintech	0,412

Source: Primary data processed, 2024

From the results in table 4, we can read directly that: The use of fintech on financial management effectiveness is 0.412, which means that on one unit increase in use of fintech, the financial management effectiveness may increase by 41.2%. This effect is positive.



**Figure 2.** Structural Equation Model Testing

**Table 5 : Regression Weight Structural Equational Model.**

	<b>Original sample (O)</b>	<b>Sample mean (M)</b>	<b>Standard deviation (STDEV)</b>	<b>T statistics ( O/STDEV )</b>	<b>P values</b>
Use of Fintech→Financial Management Effectiveness	0,412	0,41	0,035	11,898	0,000
Entrepreneurial Experience x Use of Fintech→Financial Management Effectiveness	0,034	0,032	0,016	2,106	0,035

*Source: Data processed by authors, 2024*

From table 5, we can read the following results:

- 1) Use of Fintech on Financial Management Effectiveness (0,000).  
The result shows that FinTech use positively and significantly affects the effectiveness of financial management at a value of 0.412. This means that with increased use of FinTech, financial management effectiveness will improve and vice versa. Hence,  $H_1$  is accepted.
- 2) Entrepreneurial Experience as Moderator to The relation between Use of Fintech on Financial Management Effectiveness (0,035)  
Meanwhile, Entrepreneurial Experience exerts a positive and significant influence on the use of fintech as a moderator in the effectiveness of financial management, with a partial effect size of 0,035. Thus,  $H_2$  is accepted.

## Discussion

### Hypothesis 1 ( $H_1$ ):

The results here indicate that fintech use has a positive and significant impact on the effectiveness of financial management, as asserted by the p-value of 0,000 and a path coefficient of 0,412. It means that when the level of usage of fintech increases, the effectiveness in financial management also improves. The positive influence confirms that fintech tools, such as a digital payment system, budgeting apps, and real-time financial tracking, turn to be more efficient means for entrepreneurs in managing finance. This corroborates other studies, for instance, Yulianto & Rita (2023), which established that the adoption of fintech features contributes to strengthening the financial performance of SMEs by optimizing operational processes and raising the accuracy of decision-making. Thus, the  $H_1$  acceptance goes to argue that fintech is an important enabler in improving financial management, particularly for youth entrepreneurs who are bereft of conventional financial infrastructure.

### Hypothesis 2 ( $H_2$ ):

It is also important to establish that the entrepreneurial experience significantly moderates the relationship between fintech use and financial management effectiveness, with a p-value of 0,035 and effect size of 0,035. This, therefore, shows that the more experienced the entrepreneurs are, the better they will be at applying fintech tools in ways that enhance financial management outcomes. In fact, through many years of experience,



entrepreneurs gain profound knowledge about the financial environment and are hence more able to exploit resources from fintech in managing their finances for maximum benefit. The finding is consistent with Karyatun (2023), who indicated that the more the entrepreneurial experience, the more equipped one would be to tackle all the complexities of Fintech, thus creating more active use of the technology. Thus, the acceptance of H2 supported the idea that entrepreneurial experience strengthens the influence of Fintech on the effectiveness of financial management, particularly in young entrepreneurs.

## 6. CONCLUSION

This study contributes to the fact that fintech is essential for improving MSME financial management in light of youth entrepreneurship in Bali. It means that, because the effect of adopting fintech on the effectiveness of financial management is relatively high, managers and entrepreneurs should also have implemented fintech or adopted technology in operational business. Besides, entrepreneurial experience has a moderating effect that creates an enabling environment where there is sharing of knowledge and mentoring the young entrepreneurs. This can be done through training programs and workshops that enhance their financial literacy while at the same time empowering the young entrepreneur to use their experience to understanding how to handle the different fintech complexities. Accordingly, the business leaders need to invest in such initiatives that would offer enabling ecosystems, enhancing financial capability for the MSMEs toward their overall sustainability and growth in the competitively changing digital economy.

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