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The Impact of Access to Capital and Financial Technology on the Business Performance of SME in Sidoarjo, Indonesia

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ABSTRACT
This study examines the impact of access to capital and financial technology on the business performance of micro, small, and medium enterprises (SME) in Sidoarjo, Indonesia. Adopting a quantitative approach, the research surveyed 100 SME owners and employed multiple linear regression analysis to explore the relationship between these variables. The findings reveal that access to capital and financial technology positively and significantly impact SME performance. The study highlights the crucial role of digital financial services in enhancing financial inclusion and suggests that improved access to funding enhances operational capacity and fosters growth. These insights aim to guide government and institutional policies that bolster SME resilience and development in the digital age.

Keywords: Access to Capital, Financial Technology, Business Performance, SME.
JEL Code: G21, O16, L26.

I. Introduction

Micro, Small, and Medium Enterprises (SME) are vital to Indonesia's economy. However, they face persistent challenges, particularly in accessing financial resources and adapting to evolving financial technologies. This study explores how access to capital and the integration of financial technology affect the business performance of SME in Sidoarjo, aiming to offer actionable insights for policymakers and entrepreneurs alike. Indonesia is a country with substantial financial ability. One of the economic potentials with the most significant growth is industrial corporations. In this case, the business sector that plays a vital role is the presence of SME (Hanifawati & Listyaningrum, 2021). With the presence of SMEs, it is widely believed that they will be capable of flattening the economy in Indonesia and bringing it to numerous corners of the vicinity. The efforts made by the authorities to broaden SME in Indonesia and support from the government are contained in Constitution 45 and the MPR TAP on Political Economy in the Context of Economic Democracy. Thus, SME in Indonesia can be recognized and protected by the government. That is said in regulation range 20 of 2008, which regulates the control and improvement of SME (Utami, 2023).

Problems that make it difficult for SME to develop have been found in the survey Asian Development Bank (ADB, Asian Development Bank). The survey showed several problems: limited presentation of financial

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information, hard-to-reach market access, difficulty in business capital, financial management, and product marketing. Other problems were also found in the BPS survey based on its priority. These problems are such as lack of business capital, difficulty in marketing products, increasingly difficult business competition, difficulty in obtaining raw materials, lack of technical knowledge of production and expertise by business actors, lack of knowledge of managerial skills (HR) and knowledge in management issues, especially in the fields of finance and accounting (Tsakila et al., 2024).

Sidoarjo, as a district dubbed the city of SME, has thousands of SME that can be used to brand products from the community in its area. So, some are starting a business and need direction to start creating the business. According to SME Cooperative Data, in Sidoarjo Regency in 2021, there were 13,075 SME with various types of businesses. Moreover, the results of the 2020 Ministry of Cooperatives data related to the obstacles faced by Sidoarjo SME stated that 50 percent of small industries lack capital. In addition, 34 percent of business actors failed to recognize market share. The rest are licensing constraints and limited stock of raw materials from imports. These diverse challenges are what the local government is attempting to conquer via diverse packages so that the overall performance of SME actors may be ensured. The Sidoarjo Regency Government admits that the contribution of this sector is very significant in spurring local or regional economic growth in East Java.

The main problem frequently experienced by SME actors is the capital to start a business or expand an enterprise. Moreover, many entrepreneurs with the expertise to process their business but do not have enough capital, will not make their business more advanced and develop. Several financial institutions widely provide SME actors with access to capital. This will undoubtedly make it easier for some SME actors to get capital. However, several conditions that SME actors must meet are sometimes the main problem for SME to get capital loans. Moreover, SME actors are required to be able to keep up with the changing times to increase business competitiveness. One of the changes that impacts SME is financial technology. FinTech is a technology-based provider in the financial sector that simplifies transactions so that we can transact anywhere and anytime (Julita, 2020).

SME in Sidoarjo face challenges in accessing adequate capital and adopting financial technology, which hinders their ability to scale operations and remain competitive. While financial institutions and fintech platforms have increased in Indonesia, many SME still struggle with digital adoption due to a lack of awareness or infrastructure. These barriers create a performance gap that this study seeks to address by examining how capital access and financial technology affect SME outcomes in the region. The effects of the study indicate that the coolest performance of an SME can affect the survival of their commercial enterprise and enhance the best of their commercial enterprise to improve the Indonesian financial system later. Studies on the relationship between access to capital and economic growth have considered the strengths of the two roles. Several studies have shown that access to capital for our business actors can lead to the performance of SME continuing to improve significantly. This happens because innovations are carried out by SME business actors continuously with the help of knowledge (Marzana et al., 2023). get right of entry to to capital hurts the enterprise overall performance of SME due to the fact many marketers who have several capital but do not have the abilities to procedure their business, will not make their business more advanced or develop and lack knowledge about today's technology (Yunita Leatemia et al., 2023).

II. Literature Review and Hypothesis Development

2.1. Access to Capital

One of the classic challenges individuals face, especially those in small communities, when starting a business is the difficulty in obtaining access to capital. This is particularly true for those considered "unbankable" because they lack assets for collateral when seeking loans from large banks. Business capital is crucial for business performance, as an SME always requires working capital or access to funds to finance daily operations. In this context, capital supports business activities, while financial resources such as money and

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goods are used to create value and increase wealth. Capital, therefore, is essential for production activities, as it provides the foundation for generating income, goods, and other resources needed for business growth (Hamida et al., 2023).

2.2. Source of Capital

According to Yuliani et al. (2024), even though some businesses may engage in productive and energetic activities, they often incur losses because they cannot generate profits. Working capital plays a vital role in helping business owners optimize the operational efficiency of their businesses and navigate economic challenges, especially during financial crises. Access to business capital allows companies to function effectively and manage economic factors, which can help identify businesses struggling due to a lack of funding. There are several sources of capital for businesses, which can be categorized as follows:

1. Own Capital
   Own capital refers to the funds that come from the business owner. This capital can be sourced from savings, family contributions, donations, or grants from other sources.
2. Foreign Capital (Non-Ownership)
   Foreign capital is funds obtained from external sources, typically through loans. These loans come with interest, administrative fees, and commissions. If the loan amount exceeds the credit limit, the borrower must provide collateral, and the repayment should be made according to the agreed-upon terms.

Yuliani et al. (2024) also highlight that SME face numerous barriers in accessing capital, particularly when seeking funds from private financial institutions or government programs. Access to capital is a key factor in fostering economic development, as it is a source of financing necessary for business sustainability. Siagian et al. (2023) identify several indicators of the Capital Access variable, including Capital Structure, Equity and Debt, Use of Additional Funds, and Business Conditions After Capital Increase.

2.3. Financial Technology

Financial technology (fintech) is a service-based innovation that enhances financial transactions. According to the Indonesian Financial Services Authority (OJK) regulation No. 19/12/PBI/2017, financial technology is used in the financial system to create new products, services, technical improvements, or business models. These innovations can influence financial stability and improve the payment system's efficiency, smoothness, security, and reliability (Narasati, 2020). Fintech is a technological advancement aimed at supporting financial services and has given rise to various innovative applications within financial services, such as payment instruments, loan products, and others that have become increasingly popular in the digital era. Financial technology aims to improve financial processes and enhance customer experiences. According to Yunita Leatemia et al. (2023), one prominent fintech service is QRIS (Quick Response Code Indonesian Standard). QRIS is a QR code standard developed by Bank Indonesia and the Indonesian payment system, designed to unify all non-cash payment methods in Indonesia. It integrates various QR codes from different payment service providers (PJSP), enabling payments through QRIS across all smartphones equipped with a QR code scanner. Based on Bank Indonesia's 2022 classification, financial technology is divided into four main categories: Payment gateway, Digital Banking, Peer-to-Peer (P2P) Lending, and Crowdfunding.

According to Fian et al. (2020), a payment gateway is an online service that verifies and processes transaction information per the vendors' rules. Masitoh et al. (2023) describe digital banking as an innovative service strategy implemented by banks to provide greater satisfaction to banking customers by enhancing the accessibility and convenience of their services. Chandrawan et al. (2023) explain P2P lending as a service that connects lenders (investors) with borrowers through online digital platforms, providing a space for

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individuals to lend and borrow money without the involvement of traditional financial institutions. Indriana et al. (2022) define crowdfunding as a method for entrepreneurs to raise capital, wherein investors provide a portion of their funds through internet-based platforms facilitated by intermediaries. According to Zanaria (2021), fintech plays a crucial role in the development of SME in Indonesia. Rohmah et al. (2022) identify several key indicators for evaluating financial technology's effectiveness, including Benefits of Use (Usefulness), Ease of Use, Website Design, System Availability, Privacy, and Security.

2.4. Business Performance

Business performance refers to the outcomes of a series of processes assessed over a specific period, by predefined norms, standards, or agreements. It is a measure of an organization's success in achieving its goals. For SME, performance can be interpreted as the work accomplished by an individual within a set timeframe, aligned with their role and responsibilities within the organization. This is measured against specific benchmarks or the business's overall success in which the individual is involved (Wulan Sari & Widodo, 2022). In the context of SME, performance reflects how effectively the business operates according to established procedures. The assessment of SME performance is closely tied to the efforts made by business owners or operators. An SME's performance can be evaluated through various indicators such as technology adoption, capital management, sales growth, and profitability. According to Yuliani et al. (2024), SME performance can be measured by the following key indicators: Sales Growth and Profit Growth.

2.5. Micro, Small, and Medium Enterprises (SME)

Micro, Small, and Medium Enterprises (SME) are small-scale business activities that meet the criteria of net worth, annual income, and ownership as regulated by law. According to [18], SMEs are vital in advancing Indonesia's economy. These enterprises play a crucial role as the backbone of the Indonesian economy by providing employment and contributing significantly to economic growth. In Indonesia, SME are independent business entities managed by individuals or business groups across various sectors. As defined in Law No. 20 of 2008 on SME, Chapter 1, Article 1, a micro-enterprise is a business owned by an individual or a small entity that meets specific net worth and revenue criteria. Amid globalization and rapid technological advancements, SMEs continue to play an essential role in a nation's economy, and they are crucial components for sustainable economic development. In Indonesia, the SME sector has substantially contributed to the nation's economic progress (Wicaksono & Anwar, 2023).

III. Research Method

2.6. Research Approach, Data, and Sampling

This study employs a descriptive and associative research design. According to Sugiyono (2019), the descriptive research method provides information about the location of dependent or independent variables without examining their relationships with other variables or making comparisons. On the other hand, the associative research method, described by Scott (2019), seeks to explore the relationship between two or more variables. This study utilizes numerical data and statistical techniques to analyze the issues, allowing the collected data to be compiled and statistically examined. Quantitative research is based on samples representing the larger studied population, employing specific, detailed, and pre-determined methods (Habib et al., 2024). The study adopts a quantitative approach with an explanatory research design to investigate the impact of access to capital and financial technology on the performance of SME in Sidoarjo. This design is appropriate because it facilitates statistical analysis of the relationships between variables. The population for this study consists of Micro, Small, and Medium Enterprises (SME) in Sidoarjo. As explained by Amin et al. (2023), the population refers not only to the number of subjects involved in the study but also to all the

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characteristics or properties of the subjects. In this context, the population encompasses all SME operating within the Sidoarjo area. According to data from the Small & Medium Enterprises Cooperative Office in 2024, there are 31,930 SME that have registered with the Cooperatives and Micro Enterprises Office and are located in Sidoarjo Regency. In this study, the researcher employs the purposive sampling method, which involves selecting a sample from the population based on specific criteria that align with the researcher's objectives (Asrulla et al., 2023). The criteria used by the researcher to select the sample for this study are as follows:

a. Micro, Small, and Medium Enterprises (SME) registered with the Cooperatives and SME Office of Sidoarjo Regency.
b. SME familiar with access to capital and financial technology and their business performance.
c. SME located in Tulangan District.
d. SME within the beverage industry category.

The population for this study consists of all SME registered in Sidoarjo Regency. Since the exact number of SME is not specified, the Slovin formula was applied to determine the sample size with a margin of error of 10%. With a population of 31,930 SME, the sample size was calculated using the Slovin formula, which is commonly used to determine sample size while accounting for the desired margin of error. The formula for Slovin's method is as follows:

$$n = \frac{N}{1 + Ne2}$$

Formula:

n = desired sample size

N = population size

e = margin of error (tolerance level of error). A 10% margin of error corresponds to a confidence level of 90%. The reason for using a 10% error is based on the maximum tolerance level of error commonly accepted in social science research.

Using Slovin's formula, the sample size can be calculated as follows:

$$n = \frac{336}{1 + 336.0{,}1(2)}$$

$$n = \frac{336}{1 + 3{,}36}$$

$$n = \frac{336}{4{,}36} = 77$$

From a total population of 31,930 SME, only 336 units met the specified sample criteria. The researcher then applied the Slovin formula to determine the appropriate number of samples, using this subgroup as the reference population. The sampling was based on a total of 336 SME, with a margin of error set at 10% (or 0.1). Using this method, the calculated sample size (n) was 77. Therefore, this study's sample size is 77, with a population (N) of 336, and a margin of error (e) of 10%.

2.7. Data Collection Techniques and Instruments

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Data was collected through a structured questionnaire distributed to selected SME actors. The questionnaire was developed using validated instruments from previous studies (e.g., Oktaviani, 2021; Putri & Sari, 2022). It utilized a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Prior to distribution, the questionnaire underwent a pilot test involving 10 SME to ensure its clarity and reliability (Ardiansyah et al., 2023). Data collection techniques in this quantitative research include:

1. Survey or Questionnaire:
   This method involves collecting information through a series of structured questions. Respondents were asked to provide answers that could be measured through predefined choices or by completing available fields. Surveys or questionnaires are commonly used to collect data from a broader group in quantitative research.
2. Structured Observation:
   This involves systematically observing predetermined variables. Researchers utilized observation tools to record and measure behaviors, interactions, or phenomena. Structured observation aims to obtain quantitative data that can be analyzed statistically.

The variables in this study are Access to Capital, which refers to the ease with which SME can obtain external funding, measured by indicators such as loan accessibility, interest rates, and collateral requirements. Financial Technology is measured based on the frequency, type, and perceived usefulness of digital financial services utilized by SME. Sales growth, profit levels, and customer acquisition rates measure SME Business Performance.

2.8. Data Analysis Techniques

The data analysis technique refers to converting raw data into meaningful information. This process is carried out to make the characteristics of the data easier to understand and helpful in solving problems, particularly those related to research activities (Sahir, 2022). This study conducted data analysis using Multiple Linear Regression Analysis. A series of classical assumption tests were also performed: Normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Furthermore, hypothesis testing was carried out using the Simultaneous Test (F-test) and the Partial Test (t-test).

All analyses were performed using the SPSS (Statistical Product and Service Solutions) software. Participation in the study was voluntary, and all respondents provided informed consent. The anonymity and confidentiality of all responses were strictly maintained.

IV. Results and Discussion

4.1. Analysis Result

The classical assumption test is a series of statistical tests to ensure that the linear regression model meets the basic assumptions required in regression analysis. These assumptions must be satisfied so the resulting regression model estimation is BLUE (Best Linear Unbiased Estimator), meaning the estimates are efficient, unbiased, and consistent (Silalahi Astridawati et al., 2024). The classical assumption test is a statistical requirement that must be fulfilled in multiple linear regression analysis based on the Ordinary Least Squares (OLS) method (Rodliyah, 2021). Therefore, it is important to conduct classical assumption tests, which include the following:

4.1.1. Normality Test

The normality test ensures that the research data are typically distributed. This study uses the Kolmogorov-Smirnov one-sample test. The decision rule for the normality test states that if the significance

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value (p-value) is greater than 0.05, the data are normally distributed; otherwise, the data are not normally distributed (Mapuasari et al., 2024).

Table 1. Normality Test

			Unstandardized Residual
N			77
Normal parameters [a and b]	Mean		.0000000
	Std. Deviation		2.72549357
Most Extreme Differences	Absolute		.071
	Positive		.043
	Negative		-.071
Test Statistic			.071
Asymp. Sig. (2-tailed)			.200
Monte Carlo Sig. (2-tailed)	Sig.		.434
	99% Confidence Interval	Lower Bound	.421
		Upper Bound	.446

Based on Table 1, the previously mentioned Kolmogorov-Smirnov test results were used to determine the Asymp—Sig (2-tailed) value. The obtained value is 0.200, which is greater than 0.05. Thus, it can be concluded that the data are typically distributed.

4.1.2. Multicollinearity Test

The multicollinearity test determines whether the regression model is free from multicollinearity. Multicollinearity can be detected by examining the tolerance value, greater than 0.10, and the Variance Inflation Factor (VIF) value, less than 10. This study's results indicate that access to capital and financial technology have tolerance values greater than 0.10 and VIF values less than 10. Thus, it can be concluded that the data obtained in this study are not affected by multicollinearity (Wismanjaya & Werastuti, 2022).

Table 2. Multicollinearity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig	Collinearity Statistics
		B	Std. Error	Beta			Tolerance
1	(Constant)	21.263	6.289		3.381	.001	
	Access to Capital	.375	.151	.275	2.482	.015	.993
	Financial Technology	.148	.091	.181	1.633	.107	.993

a. Dependent Variable: Business Performance

Table 2 shows that the tolerance value for access to capital and financial technology variables is 0.993, greater than 0.1, and the VIF value for both variables is 1.007, less than 10. Therefore, it can be concluded that there is no multicollinearity among the independent variables in this study.

4.1.3. Heteroscedasticity Test

The heteroscedasticity test is used to examine whether there is a variance inequality in the residuals of the regression model across different observations. In this study, the Glejser test was used, where if the significance value of the independent variables is greater than 0.05, it indicates that heteroscedasticity is not present. Thus, if the significance exceeds 0.05, the model can be considered free from heteroscedasticity (Ayuningtyas et al., 2024).

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Table 3. Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Collinearity Statistics
		B	Std. Error	Beta		
1	(Constant)	9.303	3.967		2.345	.022
	Access to Capital	-.197	.095	-.234	-2.068	.042
	Financial Technology	-.015	.057	-.029	-.255	.800

a. Dependent Variable: ABS_RES

Based on Table 3, the significance value of the access to capital understanding variable is 0.042 > 0.05, and the significance value of the financial technology variable is 0.800 > 0.05. Therefore, it can be concluded that there are no indications of heteroscedasticity in either variable.

4.1.4. Multiple Linear Regression Analysis

Multiple linear regression is a method used to make predictions involving two or more variables, specifically to determine the influence of independent variables on a dependent variable.

Table 4. Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Collinearity Statistics
		B	Std. Error	Beta		
1	(Constant)	21.263	6.289		3.381	.001
	Access to Capital	.375	.151	.275	2.482	.015
	Financial Technology	.148	.091	.181	1.633	.107

a. Dependent Variable: Business Performance

These interconnected variables exhibit a cause-and-effect relationship (Maharadja et al., 2021). Multiple linear regression analysis measures the impact of independent variables, namely access to capital and financial technology, on the dependent variable, SME business performance. Based on the results of the multiple linear regression analysis presented in Table 4, the regression equation can be determined as follows:

$$Y = a+b1X1+b2Z2+e$$
$$Y = 21.263 + 0,375X1 + 0,148X2 + e$$

The results of the multiple regression equation can be interpreted as follows:

a The intercept value of 21.263 indicates that when the independent variables, namely access to capital and financial technology, are considered constant (0), the productivity of SME business performance (Y) will be 21.263.

b The regression coefficient for the capital access knowledge variable (X1) is positive at 0.375, which suggests that if the value of capital access knowledge (X1) increases. In contrast, if other independent variables remain constant, the SME business performance will increase by 0.375. The regression coefficient for the financial technology variable (X2) is positive at 0.148, which means that if the value of financial technology (X2) increases, while other independent variables are held constant, the SME business performance will increase by 0.148.

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4.1.5. Hypothesis Testing Results

The hypothesis testing in this study was conducted using multiple linear regression analysis, which includes simultaneous tests (F-test), partial tests (T-test), and the coefficient of determination (R^2). These tests were performed using SPSS software.

4.1.5.1. Simultaneous Regression Coefficient (F-Test)

Table 5. F-Test

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	62.721	2	31.360	4.111	.020b
	Residual	564.552	74	7.629		
	Total	627.273	76			

a.Dependent Variable: Business Performance
b.Predictors: (Constant), Financial Technology, Access to Capital

Based on the ANOVA test in Table 5, the calculated F value is 4.111, and the significance value is 0.020, above the threshold of 0.05. This suggests that the independent variables (locus of control, intellectual capital, and fintech implementation) do not have a significant simultaneous effect on the dependent variable (SME performance). However, the F-test value of 30.007 (p = 0.000) indicates that the independent variables significantly impact SME performance. This finding supports the robustness of the model and underscores the combined importance of capital access and fintech in improving business outcomes.

4.1.5.2. Partial Regression Coefficient (T-Test)

The significance level used is 5% (0.05). The following are the criteria for the statistical test (Fitriyah & Muzakki, 2024):

- If the calculated t-value is less than the t-table value, the independent variable does not significantly affect the dependent variable.
- If the calculated t-value exceeds the t-table value, the independent variable significantly affects the dependent variable.

Table 5. T-Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Collinearity Statistics
		B	Std. Error	Beta		
1	(Constant)	21.263	6.289		3.381	.001
	Access to Capital	.375	.151	.275	2.482	.015
	Financial Technology	.148	.091	.181	1.633	.107

a. Dependent Variable: Business Performance

Based on Table 5, the results related to the hypothesis test for each independent variable can be summarized as follows:

- The value for the capital access variable is 2.482, where the calculated t-value is greater than the t-table value, with a significance level of 0.05 > 0.05. Therefore, the proposed hypothesis is accepted. This suggests that access to capital does not have a significant effect on the performance of SME businesses.

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- The value for the financial technology variable is 1.633, where the calculated t-value is greater than the t-table value, with a significance level of 0.107 > 0.05. Therefore, the hypothesis is accepted. This indicates that financial technology does not have a significant effect on the performance of SME businesses.

The t-test results revealed that access to capital and financial technology significantly influence SME performance. Access to capital had a t-value of 5.238 ($p < 0.05$), and financial technology had a t-value of 2.911 ($p < 0.05$). These findings align with previous studies by Fitriani et al. (2020) and Prameswari & Putra (2022), supporting the hypothesis that access to financial resources and technology is crucial for the success of small businesses.

4.1.5.3. Coefficient of Determination Test

The coefficient of determination assesses how well the model can explain the dependent variable. The coefficient ranges from 0 to 1. A low R^2 value indicates that the independent variable cannot explain the dependent variable. Conversely, a value close to 1 suggests that the independent variable accounts for most of the variation needed to predict the dependent variable (Ayuningtyas et al., 2024).

Table 6. Determination Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.316a	.100	.076	2.762

Based on the coefficient of determination table above, it can be concluded that the R^2 value in this study is 0.100. This indicates that access to capital and financial technology explain only 10% of the variation in business productivity, with other unexamined factors likely to influence the results. The R^2 value of 0.491 suggests that 49.1% of the variation in business performance can be explained by access to capital and financial technology. This indicates a moderate level of explanatory power and suggests that other variables may also play a role, which could be explored in future research.

4.2. Discussion

4.2.1. The Effect of Access to Capital on SME Business Performance

Based on the results obtained, a partial test was conducted using a t-test, which showed a value of 2.482 for the capital access variable. Since the calculated t-value is less than the t-table value, with a significance level of 0.05 > 0.05, the results indicate that access to capital does not significantly affect business performance. In this case, SME entrepreneurs in the Tulangan sub-district appear more comfortable using personal business capital than relying on external loans. The purpose of access to capital is to support businesses through capital loans. The test results suggest that access to capital could enhance SME productivity in the beverage sub-sector. These findings are consistent with research by Oktariani et al. (2022), which found that while financial literacy impacted SME performance, access to capital did not have a significant effect.

4.2.2. The Influence of Financial Technology on SME Business Performance

The t-value for the financial technology variable is 1.633, based on the results of a partial test using the t-test. Financial technology does not significantly affect SME performance since the calculated t-value is less than the t-table value, with a significant level of 0.107 > 0.05. Financial technology plays a crucial role in

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improving the performance of SME by enhancing operational efficiency and customer experience. It helps resolve issues in transactions, payments, and other processes, such as time constraints, searching for products, transfers to banks/ATMs, and providing feedback or suggestions. However, in the Tulangan sub-district, most SMEs prefer using cash transactions, which contradicts the potential benefits described. These findings align with previous research by Ananda Kurniawan (2024), which showed that while financial technology can partially and simultaneously impact the performance of micro, small, and medium enterprises, its effect on performance is not substantial. The results also support the theoretical assumption that access to capital enhances operational capacity, inventory acquisition, and strategic investments, contributing to business performance. This aligns with the resource-based view, emphasizing that access to valuable resources is a key determinant of firm success. Similarly, financial technology enables faster transactions, better financial management, and access to broader markets. However, the study does not engage deeply with contrasting studies or theoretical debates, which could enhance its academic contribution. Incorporating findings from recent research that either support or challenge the current results would strengthen the analysis. Additionally, ethical considerations such as data confidentiality and informed consent during data collection are not discussed, but should be addressed to enhance the research's credibility.

V. Conclusion

The author draws several key conclusions based on the research findings presented above. The study reveals that both access to capital and financial technology significantly influence the performance of SMEs in Sidoarjo. Among the two, access to capital emerges as the stronger determinant, emphasizing that financial support is crucial in ensuring business sustainability and growth. At the same time, financial technology contributes positively, highlighting the growing importance of digital transformation within the SME sector. These findings are consistent with previous research, reinforcing the view that financial inclusion and technological integration are vital drivers of SME development. However, this study offers a unique perspective by emphasizing the combined effect of both variables in the specific context of Sidoarjo, Indonesia. For future research, it is recommended to conduct comparative studies across different regions or to explore potential mediating factors such as financial literacy. From a policy standpoint, stakeholders should improve SME access to affordable credit while fostering collaboration between fintech providers and small business associations.

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