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Effect Of Digital Finance and Digital Payment on SMEs in The Creative Economy Sector Lombok Island Performance Mediated by Risk Perception

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis bagaimana kinerja UKM dipengaruhi oleh keuangan digital dan pembayaran digital, dengan persepsi risiko sebagai variabel mediasi. Penelitian ini menggunakan pendekatan kuantitatif dengan data primer, dengan subjek penelitian terdiri dari UKM di sektor ekonomi kreatif di Pulau Lombok. Data dikumpulkan melalui wawancara dengan menggunakan kuesioner sebagai instrumen penelitian. Populasi dalam penelitian ini mencakup UKM di sektor ekonomi kreatif yang telah mengadopsi keuangan digital dan pembayaran digital. Sampel penelitian dipilih berdasarkan kebutuhan penelitian, dengan total 130 responden. Analisis data dilakukan dengan menggunakan SmartPLS. Hasil penelitian menunjukkan bahwa keuangan digital berpengaruh positif dan signifikan terhadap kinerja UKM, dan persepsi risiko tidak terbukti memediasi hubungan antara keuangan digital dan kinerja UKM. Sementara itu, pembayaran digital tidak berpengaruh terhadap kinerja UKM, namun persepsi risiko terbukti memediasi hubungan antara pembayaran digital dan kinerja UKM. Penelitian ini diharapkan dapat memberikan wawasan bagi pelaku UKM terkait penggunaan keuangan digital dan pembayaran digital dalam metode bisnis. Bagi peneliti selanjutnya, disarankan untuk memperluas cakupan geografis penelitian dan mengeksplorasi variabel lain yang memengaruhi adopsi teknologi digital.

Kata kunci: *Adopsi teknologi; Keuangan digital; Kinerja UMKM; Pembayaran digital; Persepsi resiko.*

ABSTRACT

This study aims to analyze how SME performance is influenced by digital finance and digital payment, mediated by risk perception. This study employs a quantitative approach using primary data, with research subjects consisting of SMEs in the creative economy sector on Lombok Island. Data were collected through interviews using a questionnaire as the research instrument. The population of this study includes SMEs in the creative economy sector that have adopted digital finance and digital payment. The research sample was selected based on research needs, with a total of 130 respondents. Data analysis was conducted using SmartPLS. The results indicate that digital finance has a significant positive effect on SME performance, and risk perception is not proven to mediate the relationship between digital finance and SME performance. Meanwhile, digital payment is found to have no effect on SME performance, whereas risk perception is proven to mediate the relationship between digital payment and SME performance. This research is expected to provide insights for SME actors regarding the use of digital finance and digital payment in business methods. For future researchers, it is recommended to expand the geographical scope of the study and explore other variables that influence digital technology adoption.

Keyword: *Digital Finance; Digital Payment; SME Performance, Risk Perception, Technology Adoption.*

INTRODUCTION

In both developed and developing countries, small and medium enterprises (SMEs) are key drivers of economic growth due to their flexibility in production and ability to quickly adapt to changing business trends (Suryani et al., 2024). SMEs play a crucial role in Indonesia's economy, accounting for 99% of total business units and employing approximately 117 million people, which constitutes 97% of the national workforce (Purnasalam & Suryani, n.d.). Additionally, SMEs contribute significantly to Indonesia's Gross Domestic Product (GDP), approximately 61%. Lombok Island, with its stunning natural beauty and vast tourism potential, has become a favored destination for both domestic and international tourists. The growth of the tourism sector has indirectly driven the expansion of SMEs on the island. However, SMEs face several challenges, including limited access to finance, inadequate technological infrastructure, high default risk, low creditworthiness, lack of insurance, and inefficient managerial practices (Frimpong et al., 2022; Suryani et al., 2024).

In this era of increasing digitalization, the use of digital technology in various aspects of life has become inevitable. Technological advancements in the digital era have made it easier for people to access financial products and services, particularly through information technology in the financial sector (Daud et al., 2022). Today, many financial activities can be conducted via mobile phones, such as payments, money transfers, and even investments. One such advancement is the use of digital finance and digital payment systems in business transactions. These technologies are designed to simplify daily transactions and enhance efficiency in financial activities to meet market demands (Rahardjo et al., 2019). Technologies like artificial intelligence have transformed the way people interact with banks and have led to the emergence of innovative financial services. One sector that has been significantly affected is the creative economy, where SMEs are increasingly adopting digital technology to improve their performance and competitiveness.

In Indonesia, the creative economy sector continues to grow rapidly and serves as one of the primary pillars of economic development. The Ministry of Tourism and Creative Economy (Kemenparekraf) estimates that the value of Indonesia's creative economy will increase by 5.54% by 2025. Furthermore, the sector is expected to absorb more labor, with a projected growth of 2.49%. Despite its vast potential, the creative economy sector in Indonesia still faces challenges in adopting digital technology. Data shows that only a small portion of business actors, approximately 20.45%, have integrated digitalization into their business operations (Dyah, 2021; Purnasalam, 2025).

Research by (Suryani et al., 2024) has emphasized the importance of financial literacy in improving business performance. This aligns with the findings of Sholeha & Kharisma, (2024), which indicate a strong correlation between the use of financial technology (fintech) and the ease of access to financial services. Meanwhile, studies by DELISKA, (2024) and Daud et al., (2022)separately highlight the positive impact of digital technology utilization, such as digital marketing and digital payment, on sales performance and financial outcomes for SMEs. Additionally, research by (Alfian & Widodo, 2024) underscores the negative influence of risk perception on the adoption of digital payment systems.

The Technology Acceptance Model (TAM) used in this study explains the acceptance and use of information technology. TAM was developed in 1989 by Fred D. Davis as an adaptation of Fishbein and Ajzen's Theory of Reasoned Action (TRA). The model emphasizes two main factors that influence users' intentions and behavior in technology acceptance: perceived usefulness—the belief that using a particular technology will improve performance or provide benefits—and perceived ease of use—the belief that the technology is user-friendly and does not require much effort. Both factors influence users' attitudes toward technology, which, in turn, determine their intentions and behavior in using the technology (Namora, 2025).

This study focuses on the impact of digital finance and digital payments on the performance of small and medium-sized enterprises (SMEs) in the creative industries sector on the island of Lombok, with risk perception considered as a mediating factor. This study aims to contribute to a deeper understanding of the impact of digital technology adoption on the performance of SMEs in Lombok Island, as there are not many studies examining the combined influence of digital finance, digital payments, and risk perception, especially on SMEs in the creative industries. Previous studies have demonstrated the positive impact of technology adoption on SME performance. However, few researchers have specifically examined the combined effects of digital finance and digital payment, as well as the mediating role of risk perception, particularly among SMEs in the creative economy sector. Therefore, this study aims to analyze the influence of digital finance and digital payment on SME performance in the creative economy sector in Lombok Island, considering risk perception as a mediating factor. Consequently, this research is expected to provide deeper insights into the impact of digital technology adoption on SME performance in Lombok Island.

Digital finance refers to the application of digital technology in the financial services sector (Rahayu et al., 2025). This concept encompasses various innovations that enable

individuals and businesses to conduct financial transactions electronically, efficiently, and securely (Zulfa Qur'anisa et al., 2024). As financial innovations continue to emerge, we now live in an era where banks and financial institutions compete to develop more advanced services. Digital finance plays a crucial role in promoting financial inclusion and modernizing financial systems. According to an (OECD, 2020) report, digital finance significantly reduces the costs of financial inclusion by lowering transaction expenses and providing access to populations in remote areas or those without bank accounts. As a result, many entrepreneurs or small and medium enterprise (SME) owners utilize digital finance as a tool for business continuity. In addition to simplifying payment processes, digital finance is also highly practical for business operations.

Suryani et al., (2024) emphasized the importance of financial literacy in enhancing business performance. Similarly, a study by Sholeha & Kharisma, (2024) confirmed that financial technology (fintech) has a significant positive impact on SME performance, contributing to their success. In the research Aulia et al., (2023), stated that SMEs can manage their finances more effectively if they have a high level of digital financial literacy. Additionally, Daud et al., (2022) found that digital finance has a significant positive effect on financial performance. As explained in the TAM theory, a technology like digital finance is an important solution for those who want to grow. In other words, the adoption of digital finance facilitates SMEs in operating their businesses efficiently. Based on the theoretical framework and previous research findings, the following hypothesis is proposed:

H1*: Digital finance has a significant positive influence on SME performance.*

Digital payment refers to a technology-based payment system that utilizes electronic devices as a medium of transaction (Hendrawan et al., 2023). Payment methods have evolved from conventional approaches, such as cash, checks, and credit cards, to digital transactions. Digital payment encompasses various applications, from software-based payment systems to electronic money (DELISKA, 2024). It facilitates financial transactions by replacing physical cash with digital data that represents monetary value (Herman soegoto, 2022). The payment process begins when a consumer uses an electronic payment tool to initiate a fund transfer to another party. The adoption of digital payment methods greatly assists SMEs in ensuring business continuity in today's technology-driven environment.

Research conducted by DELISKA, (2024) Daud et al., (2022) and Sidiq, (2025) separately demonstrated that digital technology utilization, including digital marketing and digital payment, positively impacts SME sales and financial performance. This is supported by the TAM framework, where the perception of usefulness and ease of use of digital

payments drives positive attitudes and intentions of SMEs to adopt the technology, which ultimately improves their business performance. In other words, digital payment adoption helps business owners manage their enterprises more efficiently and practically. Based on the theoretical framework and previous research findings, the following hypothesis is proposed:

H2: *Digital payment has a significant positive influence on SME performance*

An individual's belief in the likelihood of adverse events occurring in business strongly influences the decisions made by SME entrepreneurs (D. A. Putri et al., 2025). Prior experiences, acquired information, and personal characteristics shape their perception of business risk (Nuryanti, 2025). One of the most common barriers to adopting digital technology, particularly among SMEs, is risk perception. Uncertainty regarding data security, privacy protection, and potential financial losses often deter SMEs from transitioning to digital technology (Nugroho et al., 2024). Concerns about security and financial risks make many business owners hesitant to adopt digital financial services.

A study by Wijaya & Sri, (2023) found a positive influence of risk perception on SMEs' use of mobile banking. In other words, the more positive a business owner's perception of risk, the greater their willingness to adopt financial services. Conducted research (Cindy Claudia et al., 2023) suggests that good risk perception and sufficient knowledge promote investment interest and the use of digital financial services, which contributes to improving the performance of small and medium-sized enterprises. This finding aligns with the Technology Acceptance Model (TAM), which explains that risk perception influences an individual's satisfaction in adopting new technology. Based on the theoretical framework and previous research findings, the following hypothesis is proposed:

H3: *Risk perception has a significant positive influence on SME performance*

Limited access to finance, inadequate technological infrastructure, high default risk, low creditworthiness, lack of insurance, and inefficient managerial practices pose challenges for SMEs (Frimpong et al., 2022; Suryani et al., 2024). Despite its many benefits, a significant number of SME owners remain reluctant to adopt digital financial technology. This reluctance stems from concerns over data security and potential financial losses (Gurendrawati et al., 2024). A lack of understanding of how digital finance systems work, coupled with limited knowledge of cybersecurity, further reinforces negative risk perceptions. Consequently, many SME owners miss opportunities to enhance their business performance.

Research conducted by M. T. Putri et al., (2023) found a significant positive relationship between risk perception and interest in using QRIS payment services. In other

words, trust in security and privacy plays a crucial role in influencing business owners' willingness to adopt digital financial services. The research conducted is in line with the research conducted by (Indrawati et al., 2025) in their research it was found that risk perception plays a significant positive mediator in improving business performance. This finding is in line with the concept in the Technology Acceptance Model (TAM), where Perceived Usefulness and Perceived Ease of Use are greatly influenced by risk perception and trust in system security. These findings suggest that improving system security and increasing public awareness are essential to enhancing digital technology adoption. Based on the theoretical framework and previous research findings, the following hypothesis is proposed:

H4: *Risk perception significantly mediates the relationship between digital finance and SME performance*

With the rapid advancement of digitalization, the adoption of digital payment systems has become increasingly widespread and an integral part of economic activities, including among SMEs (Zhafirah et al., 2024). Digital payment offers numerous benefits, such as efficiency, speed, and broad accessibility. In the context of digital payment, risk perception encompasses concerns about data security, fraud, and system disruptions (Fauziyah & Prajawati, 2023). While digital payment provides various advantages, a high level of risk perception can hinder SMEs from utilizing these payment methods. Conversely, if risk perception is low, business owners are more likely to adopt digital payment services.

The study by Alfian & Widodo, (2024) found that risk perception has a direct negative impact on interest in digital payments. However, mediated by trust, risk perception has a significantly positive impact on interest in digital payments. This suggests that risk perception can act as a mediator and, in the context of digital payments, has a positive effect when linked to the trust variable. In contrast, the study by Edwin Zusrony et al., (2023) showed that the perceived risk variable has a positive and significant impact on interest in QRIS digital payments among SMEs. Existing risk perception encourages SMEs to stay up-to-date on digital payments to increase user-friendliness and trust in using digital payments, which has a positive impact on their business success. This is in line with the concept of the TAM model, because risk perception influences attitudes and intentions to use technology, which are the key to technology acceptance in the TAM model. Conversely, lower concerns about risk increase the likelihood of adopting digital payment services. Based on the theoretical framework and previous research findings, the following hypothesis is proposed:

H5: *Risk perception significantly mediates the relationship between digital payment and*

SME performance.

RESEARCH METHOD

This study was conducted on small and medium enterprise (SME) owners in the creative economy sector in Lombok Island. The type of data used in this study is quantitative data. The data collection technique employed was an interview method using a questionnaire as the research instrument. The population in this study consists of SMEs in the creative economy sector that implement digital finance and digital payment; thus, the sample frame in this study cannot be precisely determined. The sampling technique used in this study is purposive sampling, which was determined based on specific criteria. In this study, the purposive sampling technique was measured based on age, gender, education, and position. Based on these criteria, 130 SME owners and employees in the creative economy sector in Lombok Island participated in this study by completing the questionnaire who use digital financial services on the island of Lombok.

Data analysis in this study was conducted using the Structural Equation Modeling approach based on Partial Least Squares (SEM-PLS). Two types of models were applied to evaluate the research results, namely the structural model (internal) and the measurement model (external), with the help of SmartPLS software. Convergent validity was evaluated through the Average Variance Extracted (AVE) value, where the AVE value obtained must exceed the threshold of 0.50. Meanwhile, construct reliability was assessed using the Cronbach's Alpha and Composite Reliability values, with a minimum limit set at 0.70 (Garson, 2016). The ability of the structural model to explain the dependent variable was measured through the Adjusted R-squared value.

The data collected from the questionnaire results were analyzed using statistical methods with the help of SmartPLS software. SmartPLS is software that can analyze the relationship between latent variables and is very suitable for testing models involving mediating variables, such as risk perception. Therefore, researchers use SmartPLS as a tool to help connect the variables in this study.

The variables used in this study consist of dependent variables, namely SME performance; independent variables, namely digital finance and digital payment; and intervening or mediating variables, namely risk perception.

Table 1. Operational Definition of Variables

Variables	Indicator	Definition
Digital finance (X1)	Access and use of digital services.	Measures taken by SMEs to access and use digital services
	Mobile money and digital payments	Actions that users perform to send and receive money, shop, and pay for services using mobile phones without having to have a bank account.
	Service quality and security	The measures taken by SMEs to ensure service quality and security in digital finance are functioning properly
	Regulation and policy environment	SMEs' actions to manage and support the operation and development of digital financial services.
	Gender participation in digital financial services	Measures to measure the extent to which women and men equally access and use digital financial services.
Digital payment (X2)	Perceived ease of use	A measure by small and medium-sized enterprises to make the use of digital payment services simple and practical.
	Perceived usefulness	Action by SMEs to ensure the use of digital payment services will bring real benefits and improve the performance and user-friendliness of financial transactions.
	Perceived credibility	A measure taken by SMEs to ensure user confidence in the security, privacy and reliability of the digital payment systems they use.
SME Performance (Y)	Growth in sales	Actions taken by SMEs to increase the number of products or services successfully sold by SMEs in a given period.
	Growth in profits or business profits	Measures taken by SMEs to increase profits achieved by SMEs over time
	Growth in capital	Measures taken by SMEs to increase the capital they hold from time to time or use for the operation and development of their businesses.
Risk Perception (Z)	Privacy risks	Actions taken by SMEs in response to users' concerns that their personal data may not be adequately protected or controlled when using digital services.
	Security risks	Actions taken by SMEs due to fears of threats that could compromise their digital financial systems, data and transactions
	Time risks	Actions taken by SMEs due to fear of delays or the length of the transaction process, the disbursement of funds or other digital financial services.

Performance risks	Actions by SMEs due to fears of potential risks that could affect the performance or operating results of small and medium-sized enterprises when using digital financial services.
Financial risks	Measures taken by SMEs due to fear of financial management through the use of digital financial services.

RESULT AND DISCUSSION

This study utilized primary data collected by distributing questionnaires to SME owners and employees in the creative economy sector in Lombok Island through the Google Forms platform. A total of 130 respondents, consisting of SME owners or employees in the creative economy sector who have adopted digital technology in their business operations, participated in this study. The respondent criteria were categorized based on age, gender, education level, and job position.

Table 2. Respondent Age Distribution

Age	Presentation
<20	10,7%
21-30	57,3%
31-40	16%
41-50	13%
51	3,1%

Based on the questionnaire data, the distribution of respondents by age is as follows: 10.7% were aged 20 years and below, 57.3% were aged 21–30 years, 16% were aged 31–40 years, 13% were aged 41–50 years, and 3.1% were aged 51 years and above. The results indicate that the majority of respondents fall within the 21–30 years age group, accounting for 57.3% of the total sample.

Table 3. Gender Distribution

Gender	Presentation
Male	35,9%
Female	64,1%

The analysis results also show that female respondents outnumber male respondents in this study. Female respondents make up 64.1%, while male respondents constitute 35.9% of the total sample.

Table 4. Last Education Distribution

Last Education	Presentation
SMP	2,3%
SMA	57,3%
S1	31,3%
S2	3,8%
D3	2,3%
D2	1,5%
D1	1,5%

In terms of education level, the respondents are distributed as follows: 2.3% have a junior high school (SMP) education, 57.3% have a senior high school (SMA) education, 31.3% hold a bachelor's degree (S1), 3.8% have a master's degree (S2), 2.3% have an associate degree (D3), 1.5% have a diploma (D2), and 1.5% have a diploma (D1).

Outer Model Testing

According to Hair et al., (2014) the measurement model or Outer Model is part of the Structural Equation Modeling (SEM) which describes the relationship between latent variables and their indicators. Latent variables reflect these indicators, so changes in the latent variables will be reflected in their indicators. Convergent validity is measured using the loading factor value which must be greater than 0.7, and the Average Variance Extracted (AVE) value which must be at least 0.5.

Convergent Validity Test Results

The minimum acceptable factor loading value for convergent validity is 0.5 in exploratory research. However, a higher threshold of 0.7 is preferable in confirmatory methods to ensure that the indicators strongly reflect the latent variable (Ghozali, 2018). The factor loading values in this study meet the required validity standards, as shown in Figure 1, where all indicators in this study have values greater than 0.7, confirming their reliability in measuring the intended constructs.

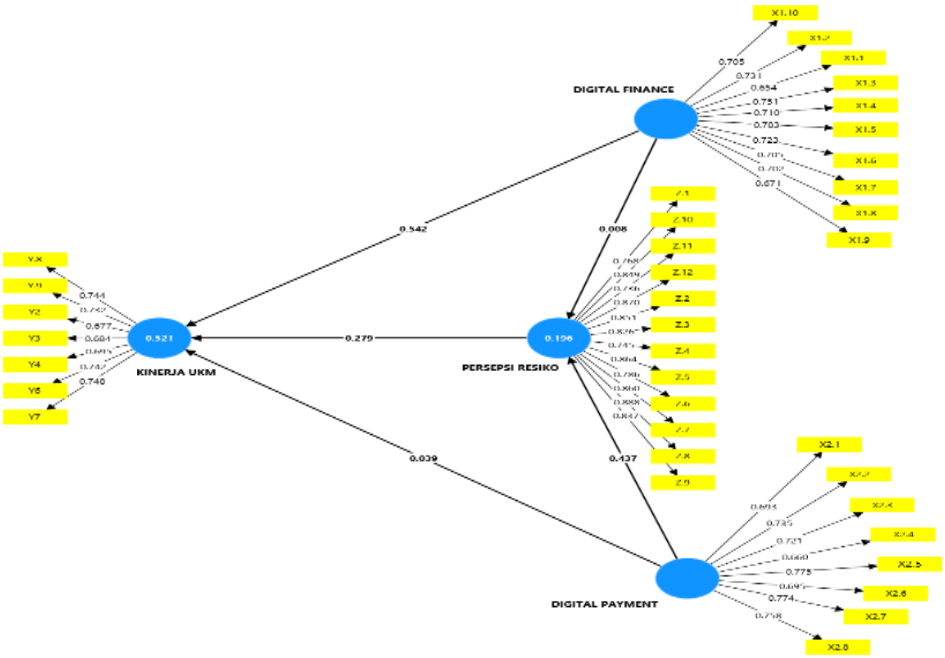


Figure 1. PLS Algorithm Model
Source: Data processed with Smart PLS v4.0

The AVE value that meets the criteria is >0.5, as this value indicates that the latent variable is sufficiently strong to represent the measured variable (Ghozali, 2016).

Table 5. Results of Average Variance Extracted

Variable	Average Variance Extracted (AVE)	Information
Digital Finance (X1)	0.510	Valid
Digital Payment (X2)	0.529	Valid
SME Performance (Y)	0.516	Valid
Risk Perception (Z)	0.680	Valid

Source: Processed data (2024)

The results of this study, as presented in Table 5, indicate that the research has met the established validity standards, where each indicator has a value greater than 0.5.

Reliability Test Results

Reliability testing was conducted using Cronbach's Alpha, which must have a value greater than 0.6, as well as Composite Reliability, which must be greater than 0.7 (Goh & Candy, 2022). Additionally, the Rho_A value must also be greater than 0.7 (Ahmad & Hussain Ch, 2019).

Table 6. Reliability Test Results

Variabel	Cronbach' Alpha	Rho_A	Composite reability	Keterangan
Digital Finance (X1)	0.893	0.896	0.912	Reliabel
Digital Payment (X2)	0.873	0.879	0.900	Reliabel
SME Performance (Y)	0.843	0.844	0.882	Reliabel
Risk Perception (Z)	0.957	0.959	0.962	Reliabel

Source: Processed data (2024)

The results of the reliability test, as presented in Table 6, indicate that all variables in this study are reliable, with all test values meeting the required criteria.

R-Square Test

Table 7. R-square adjusted

Variable	R-square adjusted
SME Performance (Y)	0.509
Risk Perception (Z)	0.183

Source: Processed data (2024)

According to (Ghozali & Latan, 2015), the R-squared value can be grouped based on its strength, namely, if the value is 0.67 or more, it is considered strong; if it is between 0.33 and 0.67, it is considered moderate; and if it is below 0.19, it is considered weak. From Table 7, it can be seen that the R-squared value of financial performance has a value of 0.50, which means that the variable SME performance in this study falls into the moderate category, which in turn means that the independent factors in the model can explain about 51% of the changes in SME performance. The remaining 49% of the changes are explained by other factors outside the model, so this model is good enough to capture most of the fluctuations in SME performance. Meanwhile, the risk perception variable has an adjusted R-squared value of 0.18, which falls into the weak category. This means that only 18% of the variation in risk perception can be explained by the independent variables in the model, while the remaining 82% is influenced by other factors not considered in the study. Thus, the model's ability to explain risk perception is limited.

Path Coefficient Test Results

The Path Coefficient Test is used to determine the significance of the relationships between latent variables. If the t-statistic value is greater than 1.96 or exceeds 2.58 at a 1% significance level, then the relationship is considered significant at a certain confidence level

(Ghozali, 2018). The relationship between variables is statistically significant if the p-value from the path analysis is less than 0.05. Conversely, if the p-value exceeds 0.05, then the influence between variables is considered insignificant (Budiman & Ervina, 2020). A complete analysis of the path coefficient test results, which confirms these findings, can be seen in Table 8.

Table 8. ***Path Coefficient***

	Original Sample	Sample Mean	Standard Deviation	t Statistics	P Value
Digital Finance> SME Performance	0.542	0.536	0.109	4,982	0.000
Digital Finance> Risk Perception	0.008	0.011	0.149	0.052	0.958
Digital Payment> SME Performance	0.039	0.044	0.128	0.304	0.761
Digital Payment> Risk Perception	0.437	0.438	0.142	3,069	0.002
Risk Perception> SME Performance	0.279	0.282	0.091	3,062	0.002

Source: Processed data (2024)

Specific Indirect Effect

The specific indirect effect refers to an indirect effect measured to determine the extent to which a mediating variable (mediator) transmits the influence of an independent variable on a dependent variable in a path analysis or mediation model. This term is commonly used in research involving mediation analysis to provide a more in-depth and detailed understanding of causal relationships among variables in the model.

A partial mediation status occurs if the direct relationship (X → Y) is significant, and the indirect relationship (X → M → Y) is also significant. However, if the direct relationship (X → Y) is significant, but the indirect relationship (X → M → Y) is not significant, then the mediation status is classified as a non-mediation effect, and vice versa (Rudianto & Budiman, 2024). The results of the specific indirect effect analysis are presented in Table 9.

Table 9. ***Specific indirect effect***

	Original Sample	Sample Mean	Standard Deviation	T Statistik	P Values
Digital Finance> Risk Perception> SME Performance	0.002	0.002	0.044	0.049	0.961
Digital Payment> Risk Perception> SME Performance	0.122	0.123	0.058	2.104	0.035

Source: Processed data (2024)

Discussion

Based on the research findings, the hypothesis testing results can be summarized as follows:

H1: The first hypothesis in this study indicates a significant positive relationship

between digital finance and SME performance, with a P-Value < 0.05 and a coefficient of 0.000. The results of this study are consistent with Suryani et al., (2024) and Daud et al., (2022) who both emphasized that digital finance has a significant positive effect on the economy and finance. This is because SMEs believe that easier and faster access to financing will enable them to obtain the capital they need to develop their business, increase production, and expand their markets, which has a positive impact on their business performance. This shows that the more SMEs use digital finance in their operations, the easier it is for them to run their businesses.

H2: The second hypothesis reveals a non-significant relationship between digital payment and financial performance, with a P-Value > 0.05 and a coefficient of 0.761, meaning that the proposed hypothesis is rejected. The analysis suggests that although digital payment is an essential component of the digital financial ecosystem, other factors play a more dominant role in determining the success of SMEs in Lombok. While digital payment offers numerous benefits, not all SMEs experience a significant positive impact from its adoption. Several factors contribute to this, including a lack of knowledge about how digital payments work and concerns over potential risks associated with digital financial services. These findings differ from those of Deliska (2023), Daud et al., (2022), and Sidiq, (2025) who found that digital technology adoption, including digital marketing and digital payment, positively influences SME sales and financial performance. These differences may arise due to variations in location, sample selection, timing, and research methods. Despite these discrepancies, the current study enhances our understanding of how digital payment influences financial performance, providing deeper insights into the adoption of this technology.

H3: The third hypothesis identifies a significant positive relationship between risk perception and financial performance, with a P-Value < 0.05 and a coefficient of 0.002, meaning the hypothesis is accepted. This finding suggests that SMEs with higher risk awareness tend to be more cautious in managing their businesses, particularly when adopting digital technologies and engaging in business innovations. This study is consistent with Wijaya & Sri, (2023) and Cindy Claudia et al., (2023), who reported a positive influence of risk perception on SMEs' use of mobile banking. The results indicate that the more we understand and recognize risks, the more cautious we become in business operations.

H4: The fourth hypothesis states that risk perception has a significant negative effect in mediating the relationship between digital finance and SME performance. This claim is supported by a P-Value > 0.05 and a specific indirect effect of 0.961, meaning the hypothesis

is rejected. This suggests that while digital finance and SME performance have a positive relationship, risk perception does not act as a mediating variable in this relationship. In other words, the influence of digital finance on financial performance is not mediated by risk perception. This finding contradicts the study by M. T. Putri et al., (2023) and Indrawati et al., (2025), which found a significant positive effect of risk perception on the intention to use QRIS. The difference may be attributed to variations in sample selection, location, and research variables. Although the results differ from previous studies, this research enhances our understanding of how risk perception functions as a mediating variable in the relationship between digital finance and SME performance.

H5: The fifth hypothesis identifies that risk perception has a significant positive effect in mediating the relationship between digital payment and SME performance, with a P-Value < 0.05 and a specific indirect effect of 0.035, meaning the hypothesis is accepted. The analysis suggests that increased adoption of digital payment may heighten risk perception, which in turn encourages SMEs to be more productive in managing their businesses, ultimately enhancing their performance. The results of this study are consistent with the research of Alfian & Widodo, (2024), which found that risk perception has a significant positive impact on interest in digital payments. This is also supported by the research of Edwin Zusrony et al., (2023), which found that risk perception has a positive and significant impact on interest in QRIS digital payments among SME stakeholders.. The study confirms that higher risk perception leads to greater hesitation in adopting digital technology, whereas lower risk perception facilitates adoption.

CONCLUSION AND RECOMMENDATION

An in-depth analysis using the Partial Least Squares Structural Equation Modeling (PLS-SEM) method reveals significant findings regarding the impact of digitalization on the performance of Small and Medium Enterprises (SMEs). The results confirm the hypothesis that digital finance, which encompasses various technology-based financial services such as digital bill payments and digital financial management, has a significant positive effect on SME performance. This indicates that the adoption of digital finance enhances operational efficiency, expands market access, and supports overall business growth. Conversely, the findings indicate that while digital payment is an essential component of the digital finance ecosystem, it does not have a direct significant impact on SME performance. This suggests that while digital payments facilitate transactions, other factors related to digital finance, such as access to financing and improved financial management, play a more dominant role in

driving SME growth.

It is important to note that risk perception, referring to the level of concern or uncertainty SMEs experience regarding the use of digital technology, serves as a mediating factor in the relationship between digital finance and SME performance. However, this study also finds that digital finance does not directly influence risk perception. On the other hand, digital payment is found to have an effect on risk perception. A higher risk perception associated with digital payment usage may hinder SMEs from adopting this technology, even though it does not directly affect their performance. Another key finding is that risk perception has a significant positive impact on SME performance. This suggests that SMEs with a high awareness of risk tend to be more proactive in managing their businesses, including adopting digital technology. In other words, an appropriate level of risk perception can serve as a motivator for SMEs to enhance their performance.

SMEs in the creative economy sector in Lombok are encouraged to increase their adoption of technology, particularly digital finance and digital payment, to accelerate business growth and expand market reach. However, SMEs must also enhance their understanding of the risks associated with digital technology adoption, allowing them to implement appropriate risk mitigation measures, such as using secure and certified platforms. This study has limitations because it focuses exclusively on SMEs in the Lombok region. Therefore, the findings of this study may not be generalizable to other regions with different economic, technological, and infrastructural conditions. Therefore, further researchers are recommended to expand the geographical scope of the study and include SMEs from different regions in Indonesia with different characteristics. Furthermore, future studies should also examine other variables that may influence the use of digital technologies, such as government regulations and cultural factors, to make the findings more comprehensive and applicable.

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