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Digital Financial Capability and SME Financial Performance: Parallel Mediation through Accounting Information Quality and Financial Decision Quality in Bekasi, Indonesia

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Abstract: The rapid development of digital financial services has encouraged Micro, Small, and Medium Enterprises (MSMEs) to adopt digital technologies in managing their business finances. However, digital financial capability does not necessarily translate into improved financial performance. This study examines the relationship between Digital Financial Capability and SME Financial Performance through the parallel mediating roles of Accounting Information Quality and Financial Decision Quality among MSMEs in Bekasi City, Indonesia. A quantitative approach with an explanatory research design was employed. Data were collected from 120 MSME owners (n = 120) using accidental sampling and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The results indicate that Digital Financial Capability is positively and significantly associated with Accounting Information Quality and Financial Decision Quality, while Accounting Information Quality is positively and significantly associated with SME Financial Performance. In contrast, Digital Financial Capability and Financial Decision Quality do not show significant direct associations with SME Financial Performance. Furthermore, Accounting Information Quality significantly mediates the relationship between Digital Financial Capability and SME Financial Performance, whereas Financial Decision Quality does not provide a significant mediating effect. These findings indicate that the two parallel mediation mechanisms operate differently, with the information-based pathway through Accounting Information Quality being more effective in translating Digital Financial Capability into financial performance. This finding highlights the importance of strengthening internal financial management processes to ensure that digital financial capabilities are effectively transformed into useful accounting information and, ultimately, better financial outcomes. Overall, the findings suggest that Digital Financial Capability alone does not necessarily translate into improved SME financial performance without effective internal financial management mechanisms.

Keyword: Digital Financial Capability, Accounting Information Quality, Financial Decision Quality, SME Financial Performance, MSMEs.

INTRODUCTION

Currently, Bekasi City has developed into a strategic metropolitan area that plays a vital role in national economic growth. The high population mobility and dynamic economic activities in Bekasi, together with the cultural diversity resulting from the acculturation of various ethnic groups, have contributed to the development of a dynamic local business environment (Untari & Satria, 2017). These conditions have stimulated the growth of Micro, Small, and Medium Enterprises (MSMEs), particularly in the culinary, trade, services, and creative industry sectors, making MSMEs an important component of the local economy.

The role of MSMEs in the national economy is increasingly critical due to their capacity to absorb a large workforce, increase community income, and contribute to economic growth. Nevertheless, the increasing number of MSMEs has not always been accompanied by improvements in business financial performance. Business environment uncertainty, shifting consumer behavior, intensifying competition, and accelerated digital transformation pose significant challenges for MSME actors (Zhang et al., 2024). Consequently, business actors are required to develop greater adaptability and managerial capabilities to sustain business continuity and improve financial performance (Mohammad, 2019; Rianto et al., 2021).

Digital transformation has fundamentally altered how MSME actors manage their business financial activities (Maryanti et al., 2026). The use of mobile banking, QRIS, digital wallets, internet banking, digital bookkeeping applications, and other financial technology (fintech) services have increasingly become part of MSME business operations. However, the adoption or use of digital financial services should be distinguished from Digital Financial Capability. While digital financial service use refers to the extent to which MSMEs adopt and utilize available digital financial technologies, Digital Financial Capability reflects the ability of MSME actors to understand, access, use, and manage digital financial services effectively to support their financial activities (Nurhidayah et al., 2023) (Riska Andreani et al., 2025). Thus, the presence or use of digital financial technologies does not necessarily indicate that MSME actors possess a high level of Digital Financial Capability. MSME actors with stronger Digital Financial Capability are better positioned to utilize digital financial resources effectively, organize financial transactions, and support financial management practices. Accordingly, Digital Financial Capability can be conceptualized as an enabling capability that determines how effectively digital financial resources are transformed into internal financial management practices.

Accounting Information Quality is a crucial factor in supporting business management. Accurate, relevant, timely, complete, and reliable accounting information enables business owners to objectively comprehend financial conditions, allowing them to evaluate business performance, control costs, plan investments, and anticipate business risks (Marshall B et al., 2021). Conversely, low-quality accounting information often leads to business decisions based on intuition, thereby increasing the risk of mismanagement (Ciza et al., 2025). Therefore, enhancing Digital Financial Capability is expected to improve the quality of accounting information generated by MSMEs through the utilization of digital financial technology, systematic transaction recording, and more accurate financial statement preparation (Hendrawati et al., 2024a; Nuraliati et al., 2025).

In addition to generating high-quality accounting information, digital capability in financial management is also expected to enhance Financial Decision Quality. Financial decision quality describes the ability of business actors to determine investment, financing,

cash management, budgeting, and risk control decisions based on available information (Brigham & Ehrhardt, 2009; H. Kent Baker, 2015). High-quality financial decisions are a primary determinant of MSME success in maintaining liquidity, increasing profitability, and achieving sustainable business growth (Ciza et al., 2025; Judijanto et al., 2025). Aligned with the Resource-Based View, digital capability serves as a strategic resource that enables business actors to obtain, process, and utilize financial information more effectively to yield better decisions (J. Barney et al., 2001). Hence, financial decision quality is viewed as an important mechanism linking the digital capability of business actors with the financial performance enhancement of MSMEs (OECD, 2023; Teece, David J, 1997).

Pre-research conducted by the researcher at the end of 2025 on MSME actors in Bekasi City revealed that most business owners utilized digital payment services such as QRIS and mobile banking but had not optimized their use for business financial management. Most respondents still performed simple transaction recording, did not compile periodic financial statements, and had not utilized accounting information as a basis for business decision-making. This condition caused financial decision-making to remain intuitive and not data-driven, resulting in low business efficiency and slow growth in financial performance.

The pre-survey was conducted in January 2026 among 22 MSME owners operating in the culinary trade and service sectors in Bekasi City. Respondents were selected purposively, with the criteria that their businesses had been operating for at least two years and that the owners had experience in managing business financial activities. The pre-survey was conducted as a preliminary assessment to provide contextual information on MSME financial performance and to support the relevance and clarity of the questionnaire indicators used in the main study. The questionnaire items were derived from established indicators of SME financial performance, including sales growth, profit growth, cash flow, the ability to meet financial obligations, financial stability, capital addition, operational cost efficiency, and overall financial performance (Dess, 1984; Saleem, 2025). The pre-survey findings were used only for contextualization and preliminary assessment of the indicators and were not treated as evidence generalizable to the broader MSME population in Bekasi City. The main study subsequently employed a separate sample of 120 MSME owners using accidental sampling.

Table 1. Financial Performance Pre-Survey Results (2026)

No	Financial Performance Indicators	Yes	(%)	No	(%)
1	Business sales have increased in the past year	8	36.4	14	63.6
2	Business profits have increased	7	31.8	15	68.2
3	Business cash flow runs smoothly	9	40.9	13	59.1
4	The business is able to meet financial obligations on time	11	50	11	50
5	The business owner feels that the financial condition is stable	8	36.4	14	63.6
6	Business capital has increased from business profits	7	31.8	15	68.2
7	Operational costs can be well-controlled	10	45.5	12	54.5
8	Business financial performance is better than the previous year	8	36.4	14	63.6

Source: Researcher's Pre-Survey Results (2026)

Based on Table 1, it is evident that most MSME actors in Bekasi City still face challenges regarding financial performance. Specifically, 63.6% of respondents stated that their business sales had not increased over the past year, and 68.2% admitted that business profits showed no significant growth. A similar pattern is observed in cash flow management, where 59.1% of respondents indicated that their business cash flow did not run smoothly. The ability to fulfill financial obligations remains suboptimal, as only 50% of respondents could meet their obligations in a timely manner. Regarding business capital addition, only 31.8% of respondents stated that business profits could increase capital, while the remaining 68.2% had not been able to accumulate capital. Furthermore, 54.5% of respondents confessed that they

still faced difficulties in controlling business operational costs. Overall, only 36.4% of respondents assessed their business financial performance as better than the previous year.

These findings indicate that the financial performance of MSMEs in Bekasi City is not yet optimal, highlighting the need to strengthen business actors' capabilities in managing digital based financial activities. Digital Financial Capability may enable MSME owners to generate higher quality accounting information and make more effective financial decisions, representing two potential internal pathways through which Digital Financial Capability may contribute to SME Financial Performance.

Various studies have examined the relationships between financial literacy, financial technology, digital accounting, accounting information systems, and MSME performance (Al-shami et al., 2024; Nurhidayah et al., 2023; Santoso et al., 2025). Previous findings indicate that financial capability and technology utilization are associated with MSME business performance (Christianty & Tabelessy, 2025; Ciza et al., 2025). However, much of the existing literature focuses on direct relationships between financial or digital capabilities and performance or examines a single mediating mechanism. Consequently, limited attention has been given to how Digital Financial Capability is translated into financial performance through distinct internal financial management mechanisms. In particular, Accounting Information Quality and Financial Decision Quality represent two conceptually different mechanisms: the former concerns the quality and usefulness of financial information, whereas the latter concerns the quality of financial decisions based on available financial resources and information. Examining these mechanisms simultaneously therefore goes beyond simply adding another mediating variable; it enables the study to distinguish and compare the information-related and decision-related processes through which Digital Financial Capability may be associated with SME Financial Performance. This perspective provides a more nuanced explanation of how a digital financial capability is converted into organizational financial outcomes. Moreover, empirical research examining Digital Financial Capability among MSMEs in Indonesia, particularly in Bekasi City, remains relatively limited (Hendrawati et al., 2024a) (Riska Andreani et al., 2025) highlighting the need for further empirical investigation.

To address this gap, this study develops a parallel mediation model that distinguishes two internal financial management mechanisms through which Digital Financial Capability may be associated with SME Financial Performance. The novelty of this study lies in distinguishing an information-based mechanism through Accounting Information Quality from a decision-based mechanism through Financial Decision Quality, rather than examining Digital Financial Capability only as a direct determinant of financial performance. This perspective shifts the focus from whether Digital Financial Capability is associated with financial performance to how its potential value is translated through distinct internal financial management mechanisms. The theoretical framework integrates the Resource-Based View (RBV), Dynamic Capability perspective, and Decision Usefulness Theory, with each providing a distinct explanatory role. RBV conceptualizes Digital Financial Capability as a valuable intangible capability that can provide organizational value when effectively utilized (J. Barney et al., 2001). The Dynamic Capability perspective explains how this capability can be deployed, integrated, and transformed into internal financial management practices in response to changing digital environments (Teece, David J, 1997). Decision Usefulness Theory further explains why the quality of accounting information matters as an information-based mechanism: useful, relevant, and reliable accounting information can support users in evaluating alternatives and making informed financial decisions, thereby providing a basis for financial management outcomes (Dopuch et al., 1997). By combining these perspectives, the study explains not only the value of Digital Financial Capability as an internal capability but

also the mechanisms through which that capability may be translated into SME financial performance.

Based on these theoretical and empirical considerations, this study aims to examine the effect of Digital Financial Capability on SME Financial Performance by positioning Accounting Information Quality and Financial Decision Quality as parallel mediators among MSMEs in Bekasi City, Indonesia. By examining these two pathways simultaneously, the study provides empirical evidence regarding whether the information based and decision-based mechanisms operate in the same manner in translating Digital Financial Capability into financial performance. Furthermore, the study extends research on digital financial capability and SME financial performance by providing evidence from MSMEs in Bekasi City, Indonesia, an emerging market context. The comparison of the two mediation pathways also provides a more nuanced understanding of the mechanisms and conditions through which Digital Financial Capability may contribute to MSME financial outcomes.

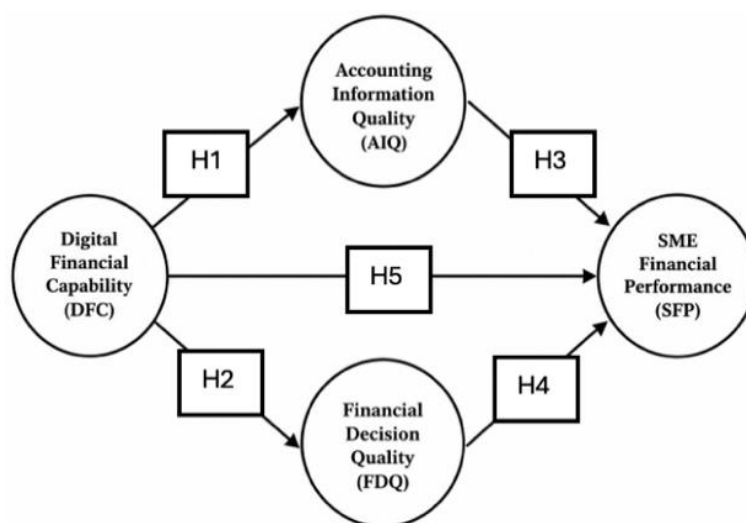


Figure 1. Conceptual Framework and Hypothesized Relationships

METHOD

This study employed a quantitative approach with an explanatory research design to examine the relationships among Digital Financial Capability, Accounting Information Quality, Financial Decision Quality, and SME Financial Performance among MSMEs in Bekasi City. The population comprised MSME owners operating in Bekasi City. Because a complete and up-to-date sampling frame was unavailable, non-probability sampling using the accidental sampling method was employed. Respondents were MSME owners who met the study criteria and were accessible during the data-collection period. A total of 120 valid responses were obtained for the analysis.

Data were collected using a structured questionnaire measured on a five-point Likert scale. The measurement items were adapted from established sources: Digital Financial Capability from OECD (2023) and Riska Andreani et al. (2026); Accounting Information Quality from Marshall et al. (2021) and Ciza et al. (2025); Financial Decision Quality from Baker (2015) and Brigham and Ehrhardt (2009); and SME Financial Performance from Dess and Robinson (1984) and Saleem (2025). Before the main survey, the questionnaire was pilot tested with 30 MSME owners to assess the validity and reliability of the measurement items. Following the pilot test, the questionnaire was finalized for the main survey. Before completing the questionnaire, respondents were provided with an informed consent statement on the first page, which explained the purpose of the study, the use of the collected data, and the confidentiality of respondents' information. Participation was voluntary, and respondents

proceeded with the questionnaire after providing their consent. The study was conducted under an official research assignment issued by the Dean of the Faculty of Economics and Business.

Data were analyzed using SmartPLS 4 through assessment of the measurement and structural models and bootstrapping. Discriminant validity was assessed using the Heterotrait-Monotrait (HTMT) ratio, while Common Method Bias was assessed using the full collinearity VIF approach. Hypothesis testing used a two-tailed significance test at the 5% level, with $p < 0.05$ indicating statistical significance. Sample-size adequacy was considered based on the requirements of the PLS-SEM structural model rather than relying solely on the traditional observations-per-indicator rule.

RESULT AND DISCUSSION

Measurement Model Evaluation (Outer Model)

The measurement model evaluation was performed to ensure that each construct met the validity and reliability criteria before hypothesis testing. Testing was conducted using Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE) values. The results are presented in Table 2.

Table 2. Construct Reliability and Validity

Variables	Cronbach's Alpha	Composite Reliability (rho A)	Composite Reliability (CR)	Average Variance Extracted (AVE)
Accounting Information Quality	0,683	0,728	0,753	0,532
Digital Financial Capability	0,847	0,870	0,891	0,625
Financial Decision Quality	0,750	0,891	0,848	0,583
SME Financial Performance	0,773	0,836	0,848	0,547

Source: SmartPLS 4 Output

Based on Table 2, the construct reliability and convergent validity results indicate that the measurement model generally meets the recommended criteria. Cronbach's Alpha values range from 0.683 to 0.847. While the value for Accounting Information Quality ($\alpha = 0.683$) is slightly below the conventional threshold of 0.70, it remains close to the recommended level and should therefore be interpreted with caution. The Composite Reliability values range from 0.753 to 0.891, exceeding the minimum threshold of 0.70 and supporting the internal consistency of the constructs. Furthermore, the Average Variance Extracted (AVE) values range from 0.532 to 0.625, exceeding the minimum threshold of 0.50 and indicating adequate convergent validity (Hair et al., 2010). Overall, the measurement model demonstrates acceptable reliability and convergent validity for structural model evaluation.

Structural Model Evaluation (Inner Model)

Structural model evaluation was performed to determine the capability of the exogenous variables to explain the variance of the endogenous variables. The coefficient of determination (R^2) values was used to evaluate the strength of the research model. The results are shown in Table 3.

Table 3. Adjusted R-Square Values

Variable	Adjusted R ²	Interpretation
AIQ	0,359	Moderate
FDQ	0,864	Very Strong
SME Financial Performance	0,766	Strong

Source: SmartPLS 4 Output

The adjusted R^2 value for Accounting Information Quality of 0.359 indicates that 35.9% of its variance is explained by Digital Financial Capability. The adjusted R^2 value for Financial Decision Quality of 0.864 indicates that 86.4% of its variance is explained by Digital Financial Capability, representing a high level of explanatory power. Meanwhile, the adjusted R^2 value for SME Financial Performance of 0.766 indicates that 76.6% of its variance is explained by Digital Financial Capability, Accounting Information Quality, and Financial Decision Quality. Overall, the structural model demonstrates substantial explanatory power. Discriminant validity was assessed using the Heterotrait-Monotrait (HTMT) ratio, with the highest HTMT value of 0.82, which is below the recommended threshold of 0.90, indicating adequate discriminant validity. Common Method Bias was assessed using the full collinearity VIF approach, with all VIF values below the recommended threshold of 3.3, indicating no substantial concern regarding common method bias. Furthermore, the Q^2 value of 0.47 indicates moderate predictive relevance of the structural model.

Effect Size (f^2)

The effect size values were utilized to determine the magnitude of the contribution of each relationship between variables within the research model. The test results show that Digital Financial Capability exerts a large effect on Accounting Information Quality with an f^2 value of 0.560. Accounting Information Quality also yields a very large contribution to SME Financial Performance with an f^2 value of 1.103. Conversely, the effect of Digital Financial Capability on SME Financial Performance only obtained an f^2 value of 0.008, and Financial Decision Quality on SME Financial Performance achieved 0.023. These results indicate that the contributions of these two latter relationships are very low.

Hypothesis Testing

Hypothesis testing was conducted using the bootstrapping procedure in SmartPLS with a significance level of 5%. A hypothesis is accepted if the t -statistic is greater than 1.96 and the p -value is less than 0.05. The testing results are presented in Table 4.

Table 4. Hypothesis Testing Results

Hypotheses	Path	β	t	P-Value	Decision
H1	DFC $\rightarrow$ AIQ	0,599	6.583	0.000	Accepted
H2	DFC $\rightarrow$ FDQ	0,930	41.800	0.000	Accepted
H3	AIQ $\rightarrow$ SFP	0,645	7.894	0.000	Accepted
H4	FDQ $\rightarrow$ SFP	0,205	1.008	0,313	Rejected
H5	DFC $\rightarrow$ SFP	0,116	0,495	0,621	Rejected

Source: SmartPLS 4 Output

Based on Table 4, the results show that H1, H2, and H3 are supported. Digital Financial Capability is positively and significantly associated with Accounting Information Quality ($\beta = 0.599$, $t = 6.583$, $p < 0.001$) and Financial Decision Quality ($\beta = 0.930$, $t = 41.800$, $p < 0.001$). Accounting Information Quality is also positively and significantly associated with SME Financial Performance ($\beta = 0.645$, $t = 7.894$, $p < 0.001$). Meanwhile, H4 and H5 are not supported because Financial Decision Quality is not significantly associated with SME Financial Performance ($\beta = 0.205$, $t = 1.008$, $p = 0.313$), and Digital Financial Capability is likewise not significantly associated with SME Financial Performance ($\beta = 0.116$, $t = 0.495$, $p = 0.621$).

Indirect effect testing was conducted to determine the mediating roles of Accounting Information Quality and Financial Decision Quality in the relationship between Digital

Financial Capability and SME Financial Performance. The mediation test results obtained through the bootstrapping procedure in SmartPLS are presented in Table 5.

Table 5. Specific Indirect Effects Results

Hypotheses	Path	β	t	P-Value	Decision
H6	DFC $\rightarrow$ AIQ $\rightarrow$ SFP	0,386	3.968	0.000	Accepted
H7	DFC $\rightarrow$ FDQ $\rightarrow$ SFP	0,190	0,996	0,319	Rejected

Source: SmartPLS 4 Output

Based on Table 5, Accounting Information Quality significantly mediates the relationship between Digital Financial Capability and SME Financial Performance, with an indirect effect coefficient of $\beta = 0.386$, a t-statistic of 3.968, and a p-value of 0.000. Because the direct relationship between Digital Financial Capability and SME Financial Performance is not statistically significant ($\beta = 0.116$, $p = 0.621$), this mediation pattern can be classified as indirect-only mediation. Thus, H6 is supported. In contrast, Financial Decision Quality does not significantly mediate the relationship between Digital Financial Capability and SME Financial Performance, with an indirect effect coefficient of $\beta = 0.190$, a t-statistic of 0.996, and a p-value of 0.319. Therefore, H7 is not supported. These findings indicate that the two proposed parallel mediation mechanisms operate differently: Accounting Information Quality provides a significant indirect pathway between Digital Financial Capability and SME Financial Performance, whereas Financial Decision Quality does not provide a significant mediating pathway.

Discussion

1. The Association between Digital Financial Capability And Accounting Information Quality

The results demonstrate that Digital Financial Capability is positively and significantly associated with Accounting Information Quality. This finding suggests that MSME owners with stronger capabilities in understanding, using, and managing digital financial services tend to report higher-quality accounting information. From the Resource-Based View, Digital Financial Capability can be regarded as a valuable intangible capability that supports the effective management of financial resources (Barney, 1991; Wernerfelt, 1984). The use of digital financial services, such as mobile banking, QRIS, digital wallets, and digital bookkeeping applications, may facilitate the recording and organization of financial transactions, which can contribute to more accurate, complete, and timely accounting information. This finding is consistent with Hendrawati et al. (2024a), who found that accounting process digitalization can enhance financial information quality. It is also consistent with Ciza et al. (2025), who identified accounting information quality as an important factor in SME financial management and performance. Overall, the finding indicates that Digital Financial Capability is associated with better Accounting Information Quality among the MSMEs examined in this study.

2. The Association between Digital Financial Capability And Financial Decision Quality

The results indicate that Digital Financial Capability is positively and significantly associated with Financial Decision Quality. This strong association suggests that MSME owners with greater capability to understand, access, and use digital financial services are more likely to make financial decisions based on relevant financial information and available digital financial resources. From the Dynamic Capability perspective, the value of a capability depends not only on its possession but also on how effectively it is deployed within organizational processes (Teece, Pisano, & Shuen, 1997). In this context, Digital Financial Capability enables MSME owners to utilize digital financial resources in managing

investment, financing, cash flow, and other financial decisions. This finding is consistent with (Tandilino & Haliah, 2024) who found that accounting system digitalization can enhance decision-making effectiveness. Although the observed association is relatively strong, the discriminant validity and collinearity assessments indicate that Digital Financial Capability and Financial Decision Quality remain conceptually distinguishable, with no substantial evidence of construct overlap or collinearity. Therefore, the strong association is interpreted as an empirical relationship between the two constructs rather than evidence that they represent the same underlying construct.

3. The Association between Accounting Information Quality And SME Financial Performance

The results show that Accounting Information Quality has a positive effect on SME Financial Performance. This finding implies that the quality of accounting information is an essential factor in increasing MSME financial performance. Accurate, relevant, complete, and timely information helps business actors evaluate financial status, control operational costs, and formulate business development strategies more effectively. This finding corresponds to Decision Usefulness Theory, which posits that accounting information is structured to support quality economic decision-making (Shan, 2013). The result supports (Ciza et al., 2025), who stated that accounting information quality positively influences MSME financial performance. Research by (Indarto et al., 2025) on MSMEs in Bekasi City also indicates that the implementation of accounting information systems can improve MSME performance. This condition shows that enhancing the quality of financial recording and reporting is critical to strengthening the competitive edge of MSMEs in Bekasi City.

4. The Association between Financial Decision Quality And SME Financial Performance

The results indicate that Financial Decision Quality is not significantly associated with SME Financial Performance. This finding is particularly noteworthy because Digital Financial Capability has a strong positive association with Financial Decision Quality, yet this does not translate into a statistically significant improvement in financial performance. This suggests that making relatively better financial decisions does not necessarily produce immediate or measurable financial outcomes. Financial decisions concerning investment, financing, cash management, budgeting, and risk evaluation may require adequate implementation capacity, sufficient financial resources, and time before their consequences become reflected in business performance. In addition, the financial outcomes of such decisions may depend on external conditions, including market conditions and the availability of financial resources. From the Dynamic Capability perspective, possessing or developing a capability does not automatically guarantee improved performance unless the capability is effectively deployed and implemented within the organization (Teece, Pisano, & Shuen, 1997). The finding differs from Baker (2015), who emphasized the contribution of financial decision-making to organizational outcomes. In the context of the MSMEs examined in this study, Financial Decision Quality alone may therefore be insufficient to generate immediate improvements in financial performance. This finding suggests that implementation capacity, financial slack, and contextual conditions may function as boundary conditions that determine whether financial decision quality is translated into measurable financial performance.

5. The Association Between Digital Financial Capability And SME Financial Performance

The results reveal that Digital Financial Capability is not significantly associated with SME Financial Performance. This finding suggests that the ability to utilize digital financial services does not necessarily translate directly into superior financial outcomes. From the integrated Resource-Based View and Dynamic Capability perspective, Digital Financial

Capability represents a valuable enabling capability, but its value depends on how effectively it is deployed and transformed into internal financial management practices (Barney, 1991; Teece, Pisano, & Shuen, 1997). The utilization of QRIS, mobile banking, and digital wallets may improve transaction convenience and accessibility, but these capabilities alone may not be sufficient to enhance profitability, sales growth, cash flow, or financial stability. The significant association between Digital Financial Capability and Accounting Information Quality, together with the significant indirect pathway through Accounting Information Quality, suggests that the relationship with financial performance may operate through internal information management rather than through a direct association. This finding differs from (Tandilino & Haliah, 2024), who reported a positive relationship between digital financial capability and MSME financial performance. The present finding therefore highlights that digital financial capability alone may not be sufficient to explain differences in MSME financial performance.

6. The Mediating Role of Accounting Information Quality

The results indicate that Accounting Information Quality provides a significant indirect pathway between Digital Financial Capability and SME Financial Performance. This finding suggests that the association between Digital Financial Capability and financial performance is more evident when digital financial capabilities are reflected in the quality of accounting information used in financial management. From the perspective of Decision Usefulness Theory, accounting information becomes valuable when it provides relevant, reliable, accurate, and timely information that can support the evaluation of business conditions and financial alternatives (Shan, 2013). The finding is also consistent with Alqudhayeb (2025) and Ciza et al. (2025), who emphasized the importance of accounting information quality in supporting financial management and business performance. In the context of the MSMEs examined in this study, the use of digital financial services alone may therefore be insufficient to explain financial performance unless it is accompanied by effective processes for recording and organizing financial information. The significant indirect pathway through Accounting Information Quality indicates that this construct represents an important mechanism linking Digital Financial Capability with SME Financial Performance.

7. The Mediating Role of Financial Decision Quality

The results show that Financial Decision Quality does not significantly mediate the relationship between Digital Financial Capability and SME Financial Performance. Although Digital Financial Capability is strongly associated with Financial Decision Quality, this relationship does not result in a significant indirect association with SME Financial Performance. This finding suggests that better financial decision-making alone may not be sufficient to produce measurable financial outcomes among the MSMEs examined in this study. From the Dynamic Capability perspective, a capability needs to be effectively deployed and implemented within broader organizational processes before it can contribute to performance outcomes (Teece, Pisano, & Shuen, 1997). Financial decisions concerning investment, financing, cash management, budgeting, and risk evaluation may therefore require adequate implementation capacity, financial resources, and time before their consequences become reflected in business performance. This finding differs from Baker (2015), who emphasized the contribution of financial decision-making to organizational outcomes. In contrast, the significant indirect pathway through Accounting Information Quality suggests that the two proposed parallel mechanisms do not operate equally. The findings therefore indicate that Financial Decision Quality does not provide a significant mediating pathway between Digital Financial Capability and SME Financial Performance in the context of the MSMEs examined in this study.

CONCLUSIONS AND RECOMMENDATIONS

This study concludes that Digital Financial Capability is not significantly associated with SME Financial Performance through a direct pathway among the MSMEs examined in Bekasi City. Instead, its relationship with financial performance is linked to internal financial management mechanisms. Digital Financial Capability is positively associated with both Accounting Information Quality and Financial Decision Quality; however, only Accounting Information Quality shows a significant association with SME Financial Performance and provides a significant indirect pathway. These findings indicate that the two parallel mechanisms do not operate equally, highlighting the importance of accounting information quality in explaining how digital financial capability is associated with SME financial performance. Theoretically, this study extends the Resource-Based View and Dynamic Capability perspective by highlighting that the value of a digital financial capability should be considered not only in terms of possessing the capability but also in terms of how it is deployed through internal financial management processes. Managerially, the findings suggest that MSME support and training providers should not focus solely on promoting the adoption of digital financial services, but should also strengthen entrepreneurs' ability to record, organize, and utilize financial information effectively. This study is subject to several limitations. The cross-sectional design limits the ability to establish temporal or causal relationships among the constructs, while the use of self-reported data may introduce response and common method bias. Future research could employ longitudinal designs, objective financial performance measures, and additional procedural or statistical approaches to further address these limitations.

From a practical perspective, MSMEs should complement investments in Digital Financial Capability with efforts to improve Accounting Information Quality, so that digital financial technologies support financial monitoring, resource allocation, and performance improvement rather than merely facilitating transactions. This study is limited by the use of accidental sampling, which may restrict the representativeness and generalizability of the findings. Future research should employ probability-based sampling, larger samples, and broader geographical coverage to further examine whether the information based and decision-based mechanisms remain consistent across different MSME contexts.

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