

THE EFFECTIVENESS OF SOCIAL MEDIA IN INCREASING FINANCIAL LITERACY AMONG MSME ACTORS IN INDONESIA

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Abstract

This study examines the effectiveness of social media in improving financial literacy in MSME actors in Indonesia through a literature study method. The focus of the research includes analyzing the patterns of social media use for financial education, evaluating the effectiveness of various content formats, and identifying implementation challenges. The results of the study showed that the penetration rate of social media use for financial information reached 78.3%, with short video and infographic formats as the most effective methods (85.3% understanding rate). A longitudinal study of 500 MSME actors showed that 67.8% of respondents experienced an improvement in financial management skills after participating in financial education content on social media for six months. Key challenges include the digital divide (35%), difficulty verifying information (42%), and learning inconsistencies (55%). The study recommends an integrated approach and adaptive learning model for optimizing social media-based financial education. The implications of the research provide a basis for the development of policies and strategies to improve MSME financial literacy through digital platforms.

Keyword: financial literacy; MSMEs; social media; digital education; digital transformation

1. Introduction

The digital era has brought significant transformations in various aspects of life, including the way people access and understand financial information. In Indonesia, the Micro, Small, and Medium Enterprises (MSMEs) sector plays a vital role in the national economy, contributing 61.97% to the Gross Domestic Product (GDP) in 2022 (Ministry of Cooperatives and SMEs, 2023). However, the main challenge faced by MSME actors is the low level of financial literacy that can affect the sustainability and development of their business. The National Financial Literacy Survey (SNLIK) conducted by the Financial Services Authority in 2022 shows that the financial literacy index in Indonesia has only reached 49.68%. This figure indicates that there are still many people, including MSME actors, who do not have a comprehensive understanding of financial concepts and products (Octavina & Rita, 2021). The increasingly massive digital transformation phenomenon has fundamentally changed the MSME business landscape. Social media penetration in Indonesia shows exponential growth, with data from We Are Social and Hootsuite (2023) revealing that active social media users in Indonesia reach 167 million users, or equivalent to 69.8% of the total population. (Hendrawan et al., 2024) underlined that digital technology adaptation, including social media, is no longer just an option but an urgent need for MSME actors to survive and thrive in the digital era. Study conducted by (Gustriani et al., 2023) revealed that educational content on social media has a high acceptance rate among MSME actors, with an engagement rate of 78%. But, (Irna Triannur Lubis et al., 2024) highlighting that the demographic characteristics and diverse content preferences among MSME actors can affect the effectiveness of information delivery through social media.

The complexity of financial literacy challenges among MSMEs is increasing with the increasingly uncertain dynamics of the global economy. (Gunawan et al., 2023) identified that MSME actors who have good financial literacy have 2.5 times higher business resilience than those who do not. This is becoming even more crucial considering the role of MSMEs as the driver of the national economy and the largest absorber of labor in Indonesia. (Gustriani et al., 2023) in his research, he found that the digital divide and media literacy in various regions of Indonesia are still a significant obstacle in efforts to increase financial literacy through digital platforms. This phenomenon is exacerbated by the lack of access for MSME actors to formal financial education and the limited number of structured financial education programs. On the other hand, the potential of social media as a financial literacy education platform is huge, but it has not been utilized optimally. (Siregar, 2022) revealed that the use of social media as a

learning platform can significantly improve user understanding and engagement. This is in line with the findings (Kautsar & Anjilini, 2023) which shows that 76% of MSME actors use social media as their main source of business and financial information. However, the effectiveness of the use of social media in improving financial literacy still needs to be studied more deeply, especially in the context of the diversity of MSME characteristics in Indonesia.

Based on the urgency of the problem, this study seeks to examine three fundamental aspects that are interrelated. First, this study will analyze the extent of the effectiveness of the use of social media in improving the understanding and financial skills of MSME actors in Indonesia, including identifying the most effective content formats and delivery strategies. Second, this study will explore various factors that affect the level of acceptance and understanding of financial information through social media platforms, taking into account the diversity of demographic characteristics and preferences of MSME actors. Third, this study aims to formulate a strategy to optimize the use of social media as an effective and sustainable means of financial literacy education for the MSME community in Indonesia.

This research is expected to make a significant contribution both theoretically and practically in efforts to improve the financial literacy of MSME actors in Indonesia. Theoretically, this research will enrich academic studies on the use of digital technology in financial education and the development of an effective social media-based financial learning model. From a practical perspective, the results of this research can be a reference for stakeholders, including the government, financial institutions, and financial education practitioners, in developing programs and policies that support the improvement of financial literacy of MSME actors through social media platforms. Furthermore, this research will also provide concrete recommendations for MSME actors in utilizing social media as a credible and effective source of financial learning, as well as for financial education content creators in developing more targeted communication strategies.

2. Literature Review

2.1 Social Learning Theory

Social Learning Theory emphasizes the importance of observation and social interaction in the learning process. According to this theory, individuals can learn new behaviors and skills by observing others, who can serve as social models such as peers, colleagues, or authority figures, including those in digital platforms like social media. In the context of MSMEs in Indonesia, the use of social media as a platform for financial education aligns with the basic principles of this theory, where MSME actors can acquire financial information and skills through interaction with educational content on social media. Content

in the form of tutorials, instructional videos, or infographics can serve as effective learning models, which MSMEs can observe and apply in their business practices. This theory also highlights the importance of observation and imitation in the learning process.

In this research, Social Learning Theory can be used to understand how MSME actors receive and adopt financial information they encounter on social media, as well as the factors influencing their willingness to follow or imitate the behaviors presented in educational content. This is highly relevant when analyzing the most effective content formats and strategies in improving financial literacy through social media.

2.2 Diffusion of Innovations Theory

The Diffusion of Innovations Theory explains how new innovations or ideas spread within a society or group. This theory identifies five categories of adoption: innovators, early adopters, early majority, late majority, and laggards. In the context of MSMEs in Indonesia, this theory can help understand how the adoption of financial information and technology through social media may vary among MSME groups based on their demographic, social, and economic factors.

By applying Diffusion of Innovations Theory, this study can explore the factors that affect the level of acceptance and understanding of financial information disseminated through social media. For instance, MSMEs that are more exposed to digital technology or belong to the "innovator" or "early adopter" categories may be quicker to embrace and utilize financial information via social media, while MSMEs that are more traditional or less exposed to technology may be slower to adopt this information. In this case, the Diffusion of Innovations Theory helps to understand how various individual and group characteristics influence the way MSMEs receive and use financial information shared through social media.

3. Material and Method

The method should provide detailed information to allow the experiments to be repeated by others. In sum, this section provides all the methodological details that other researchers need to duplicate your work in the future. Please specify the research design, samples, research instruments, procedures, and data analysis in brief.

3.1 Design Study

This study employs a qualitative approach using library research (literature review) to examine the effectiveness of social media in enhancing financial literacy among MSME actors in Indonesia. Library research was selected as the research method because it enables the researcher to conduct an in-depth analysis of various relevant literature sources, identify patterns and trends, and synthesize findings from previous studies to generate a comprehensive understanding of the topic under investigation (Zed, 2021). The focus of this study is on understanding how social media platforms can be utilized to improve financial literacy within the MSME sector, particularly in Indonesia, where financial literacy remains a significant challenge.

To ensure the relevance and currency of the data, the literature reviewed spans publications from 2019 to 2024. The sources of data include both primary and secondary

literature. Primary literature includes research articles published in reputable national and international journals, research reports, dissertations, and theses that relate to financial literacy in MSMEs and the use of social media for financial education. Secondary literature consists of textbooks, review articles, policy reports, government documents, and publications from financial institutions and international organizations relevant to the topic.

The data collection process involved a systematic search across major academic databases, including Google Scholar, Science Direct, Scopus, and Portal Garuda. The search was conducted using both English and Indonesian keywords, such as: "financial literacy MSMEs", "social media and financial education", "literasi keuangan UMKM", "media sosial untuk edukasi keuangan", and their combinations. Additionally, searches were conducted in institutional repositories of leading universities in Indonesia and databases of government publications and international organizations. The aim was to gather a comprehensive collection of scholarly work and relevant reports that provide insights into the intersection of social media, financial literacy, and MSME development.

3.2 Data Analysis

Data analysis in this study is conducted using qualitative content analysis with an interpretive approach. The process of analysis follows several systematic stages to ensure a thorough exploration of the topic. First, the collected literature is organized based on its relevance, source credibility, and contribution to the understanding of the research topic. This categorization allows for the identification of key themes and areas of focus in the study.

The second stage involves coding and categorization. Here, the researcher identifies key themes, patterns, and relationships between the concepts emerging from the literature. For example, the analysis might reveal common trends in how social media platforms are being utilized for financial literacy education, such as the preferred types of content (e.g., videos, infographics) and their effectiveness in engaging MSME actors. Furthermore, the study will explore the demographic factors influencing the acceptance of financial content through social media.

In the third stage, synthesis and interpretation are conducted. The researcher integrates various findings and perspectives from the literature to build a holistic understanding of how social media can be an effective tool for improving financial literacy among MSMEs. The analysis will consider the contextual factors, such as the socio-economic characteristics of MSME actors and the technological infrastructure in different regions of Indonesia, to assess the broader applicability and impact of social media-driven financial education.

To ensure the credibility and validity of the research findings, the researcher applies several validation strategies. First, source triangulation is employed, where information from different types of literature is compared and cross-validated to ensure consistency in the findings. Second, peer review is used, where the analysis is discussed with experts in the fields of financial literacy and library research to gather feedback and alternative perspectives. Third, audit trails are maintained, where the researcher documents the data collection and analysis process in detail, ensuring transparency and traceability of the research process.

4. Result and Discussion

Mapping the Utilization of Social Media in MSME Financial Literacy Education

The results of the analysis of various literature show a significant increase in the use of social media as a financial literacy education platform among Indonesian MSME actors. Based on a study conducted by (Irna Triannur Lubis et al., 2024), the penetration rate of social media use among MSME actors to seek financial information reached 78.3% in 2023, an increase from 45.6% in 2020. This increase is in line with the digital transformation accelerated by the COVID-19 pandemic, where social media is one of the main sources of information and learning for MSME actors.

Social Media Platforms	Usage Level (%)	Engagement Rate (%)	Learning Effectiveness (Scale 1-5)
Instagram	82,5	65,3	4,2
YouTube	76,8	71,2	4,5
TikTok	65,4	68,7	3,8
Facebook	58,2	42,5	3,5
LinkedIn	18,7	45,6	4,1
Twitter	25,3	31,2	2,8

Sumber: Diadaptasi dari Penelitian (Irna Triannur Lubis et al., 2024)

Analysis of the Effectiveness of Financial Education Content Format

Research shows that the effectiveness of financial education through social media is greatly influenced by the content format used. According to (Irene Hasian, 2024), visual content such as infographics and short videos have a 2.5 times higher acceptance rate than textual content. This is reinforced by findings (Apriliani et al., 2023) which identify that the retention of financial information on video content reaches 65%, while textual content is only 35%.

Tabel 2. The Effectiveness of Financial Education Content Format on Social Media

Format Konten	Tingkat Pemahaman (%)	Retensi Informasi (%)	Tingkat Implementasi (%)
Short Video	85,3	65,2	58,7
Infografis	78,6	62,4	52,3
Live Session	72,4	58,9	48,5
Podcast	68,5	54,3	45,6
Article	45,2	35,7	32,1

Source: Adapted from (Irene Hasian, 2024)

The Impact of Social Media Financial Education on MSME Financial Behavior

The implementation of financial knowledge obtained through social media shows mixed results. A longitudinal study conducted by (Beurekat & Setyawati, 2023) on 500 MSME actors showed that 67.8% of respondents reported an improvement in financial management skills after actively participating in financial education content on social media for six months. This improvement is reflected in several key aspects of business financial management:

1. Increase in systematic financial records (up 45%)
2. Separation of personal and business finances (up 38%)
3. Utilization of digital financial products (up 56%)
4. Long-term financial planning (up 32%)

(Herdiyanti et al., 2024) identified that MSME actors who consistently follow financial education content on social media have a 1.8 times higher probability of adopting better financial practices than those who do not. This finding is reinforced by a study (Santoso, 2023) which shows a positive correlation ($r=0.72$) between the intensity of consumption of financial education content on social media and the improvement of MSME financial performance.

Challenges and Obstacles in Implementation

Although it shows great potential, the implementation of financial education through social media faces several significant challenges. (Gumilar, 2024) identifies three main obstacles in implementation:

1. Digital Divide: 35% of MSME actors still face limited internet access and adequate digital devices.
2. Digital Literacy: 42% of MSME actors reported difficulties in verifying the credibility of financial information on social media.
3. Learning Consistency: 55% of MSME actors cannot maintain consistency in following financial education content.

Strategies for Optimizing Social Media-Based Financial Education

Based on a comprehensive analysis of various studies, several optimization strategies can be identified to improve the effectiveness of financial education through social media. The research (Ghina Rachmatika, 2023) highlights the importance of an integrated approach, combining different content formats and platforms to accommodate different learning preferences. This strategy is supported by findings (Menberu, 2024) which show that a multi-platform approach can increase information retention rates by up to 45%. Furthermore, (Herdiyanti et al., 2024) propose an adaptive learning model that adapts educational content to the level of understanding and specific needs of MSME actors. This model has shown a 62% increase in learning effectiveness compared to the one-size-fits-all approach.

5. Conclusion, Implication, and Recommendation

Implications and Recommendations

The implications of these findings have significant relevance for a wide range of stakeholders. First, for policymakers, the results of the study show the importance of integrating social media in the national strategy to increase MSME financial literacy. Second, for financial institutions and educators, these findings provide practical guidance on effective content delivery formats and strategies.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the research and discussions that have been carried out, it can be concluded that social media has significant effectiveness in increasing the financial literacy of MSME actors in Indonesia. The penetration rate of social media use, which reached 78.3% among MSME actors to seek financial information, shows the great potential of this platform as a means of financial education. Visual content formats, especially short videos and infographics, proved to be the most effective with an understanding rate of 85.3% and information retention of 65.2%. The implementation of financial knowledge obtained through social media showed a positive impact, with 67.8% of MSME actors reporting an improvement in financial management skills after actively participating in financial education content for six months. However, several challenges still need to be overcome, including the digital divide experienced by 35% of MSME actors, the difficulty of verifying the credibility of information experienced by 42% of MSME actors, and the problem of learning consistency faced by 55% of actors. To optimize the effectiveness of financial education through social media, an integrated approach that combines various content formats and platforms is needed, as well as the development of adaptive learning models that adapt to the specific needs of MSME actors. Recommendations for further research are to conduct longer longitudinal studies to measure the long-term impact of social media-based financial education, as well as develop a more comprehensive evaluation framework to measure the effectiveness of various digital financial education strategies.

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