

Journal of Islamic Economic and Business Research  
Vol. 3 Number(2), Page 214-229, (December) 2023

## The Role of Sharia Financial Innovation and Literacy in Improving the Performance of MSME Actors

Iman Supriadi<sup>1\*</sup>, Rahma Ulfa Maghfiroh<sup>2</sup>, Rukhul Abadi<sup>3</sup>, Dewi Mumpuni Yudowati<sup>4</sup>

<sup>1</sup> STIE Mahardhika, Indonesia

<sup>2</sup> Universitas Islam Negeri Sunan Ampel, Indonesia

<sup>3,4</sup> STEBI Syaikhona Kholil Sidogiri, Indonesia

### Article History

Received: October 25<sup>th</sup> 2023    Revised: November 30<sup>th</sup> 2023    Accepted: December 16<sup>th</sup> 2023

### Corresponding

Author:

iman@stiemah  
ardhika.ac.id

### Abstract

This study aims to analyze the role of innovation and Islamic financial literacy in improving the performance of MSME actors in the context of Islamic economics. This study also aims to evaluate the impact of innovation and Islamic financial literacy on MSME growth and contribute to the sustainable development of MSMEs. This qualitative research applied a literature approach and document analysis to collect relevant data and information. A literature review was also conducted to identify indicators of the success of Islamic financial innovation and literacy in MSMEs and appropriate evaluation methods. Other research data included previous research results and related case studies. The results of this study revealed that MSMEs that implement Islamic financial innovation and literacy tend to experience improved performance. Product and process innovation, selection of Islamic financial instruments, and financial management by Sharia principles contributed positively to increasing MSME income, productivity, and operational efficiency. This research contributes to understanding the critical role of innovation and Islamic financial literacy in improving the performance of MSME actors. The findings of this study can serve as a reference for relevant stakeholders, including MSME actors, government, and Islamic financial institutions, in developing supporting policies and programs that strengthen innovation and Islamic financial literacy in MSMEs.

**Keywords:** *Islamic financial literacy, MSME performance, Islamic economy, innovation, operational efficiency*

**JEL Classification:** G21, G23, G32, D53

### How to cite:

Iman Supriadi, Rahma Ulfa Maghfiroh, Rukhul Abadi, Dewi Mumpuni Yudowati, (2023). The Role of Sharia Financial Innovation and Literacy in Improving the Performance of MSME Actors. *Journal of Islamic Economic and Business Research* Volume. 3 No. (2), 214–229. DOI: <https://doi.org/10.18196/jiebr.v3i2.193>

## I. Introduction

As a country with the largest Muslim population, Indonesia has great potential to become the global Islamic economy and finance center (Anwar, 2020). This can be observed from Indonesia's position in 2020 as the world's second-ranked Islamic Finance Development Indicator (IFDI), an index used to evaluate the development of the Islamic finance industry. Previously, in 2019, Indonesia was ranked second in the development of Islamic finance according to the Global Islamic Finance Report (GIFR) through the Islamic Finance Country Index (IFCI). This achievement signifies Indonesia's commitment to advancing the Islamic finance sector by creating a conducive ecosystem and developing competitive Islamic financial institutions.

**Table 1.** Islamic Finance Development Indicator (IFDI) 2020

| Country              | Ranking | IFDI 2020 | Quantitative Development | Knowledge | Governance | Awareness | CSR |
|----------------------|---------|-----------|--------------------------|-----------|------------|-----------|-----|
| Malaysia             | 1       | 111       | 94                       | 185       | 86         | 149       | 41  |
| Indonesia            | 2       | 72        | 27                       | 181       | 67         | 60        | 23  |
| Bahrain              | 3       | 67        | 38                       | 68        | 88         | 103       | 38  |
| United Arab Emirates | 4       | 66        | 31                       | 67        | 79         | 91        | 60  |
| Saudi Arabia         | 5       | 64        | 59                       | 52        | 41         | 50        | 119 |
| Jordan               | 6       | 53        | 14                       | 75        | 51         | 29        | 99  |
| Pakistan             | 7       | 51        | 18                       | 80        | 74         | 53        | 31  |
| Oman                 | 8       | 45        | 14                       | 46        | 66         | 73        | 25  |
| Kuwait               | 9       | 43        | 48                       | 13        | 63         | 48        | 42  |
| Qatar                | 10      | 38        | 28                       | 19        | 63         | 52        | 29  |
| Brunei               | 11      | 36        | 13                       | 44        | 54         | 61        | 9   |
| Maldives             | 12      | 34        | 22                       | 21        | 70         | 22        | 34  |
| Nigeria              | 13      | 32        | 5                        | 26        | 60         | 17        | 51  |
| Sri Lanka            | 14      | 30        | 11                       | 36        | 42         | 11        | 48  |
| Syria                | 15      | 28        | 31                       | 15        | 45         | 14        | 36  |
| Global average       |         | 11        | 6                        | 11        | 14         | 17        | 7   |

Source: Data on Indonesia's National Financial Literacy Strategy 2021 - 2025

Micro, Small, and Medium Enterprises (MSMEs) play a very significant role in the dynamics of a country's economy, including in the Islamic economic framework (Putri et al., 2018). The role of MSMEs is manifested in their contribution as the main drivers of economic growth, job creators, and partners in a more equitable distribution of economic risks (Radha & Sekhar, 2019). However, MSMEs are often faced with various challenges in their business development and expansion efforts, especially amid increasingly fierce competition on a global scale. MSMEs often need help in their business development and expansion efforts, including Limited Access to Capital and Financing, Limited Human Resources, Technology and Innovation Constraints, and Low Financial Literacy (Prakash et al., 2021). Therefore, increasing the ability and application of innovation and Islamic financial literacy is critical in helping MSMEs develop economic sustainability imbued with Sharia principles (Rohayati & Qolbi, 2022).

Innovation in the context of Islamic MSMEs involves creating and adopting new solutions, whether in products, processes, or business models, that comply with Sharia principles (Abdullah et al., 2021). In addition, Islamic financial literacy is also an important aspect, which includes knowledge and understanding of Islamic financial principles, as well as skills in managing business finances by sharia (Alfarisi, 2020). With the right innovation and adequate understanding of Islamic finance, MSMEs can optimize their performance with efficiency, sales growth, broader market penetration, and increased consumer confidence in their products and services (Rahmansyah et al., 2023). Through continuously developing

and implementing innovation and Islamic financial literacy, MSMEs can strengthen their competitiveness in the increasingly competitive Islamic economic era (Awaliyah & Asri, 2023). In order to face the challenges and strengthen the position of MSMEs in the context of Islamic economics, the government, financial institutions, and industry players need to pay serious attention to the empowerment of MSMEs by providing access to education and training, coaching, financial assistance by sharia principles, as well as broad market opportunities and partnerships (Weldeslassie et al., 2019). This will help MSMEs improve their capabilities, competencies, and competitiveness in line with the principles of sustainable Islamic economics.

Several previous studies have highlighted the role of innovation in improving the performance of MSMEs, such as research conducted by Olazo (2022), where this study shows that MSMEs that can adopt innovation, whether in products, processes, or marketing, tend to be more competitive and sustainable. However, most of these studies focus on something other than the context of Islamic finance. On the other hand, research on Islamic financial literacy has revealed that a good understanding of Islamic financial principles can enhance ethical and sustainable financial management, such as the research conducted by Poon et al. (2020). However, this research still needs to be improved in linking Islamic financial literacy with MSME performance. In addition, several studies have investigated the effect of Islamic finance on MSMEs, such as the research conducted by Usman et al.. The results of these studies suggest that Islamic finance, such as financing through *murabahah* or *mudharabah* schemes, can provide better access to finance for MSMEs. Nonetheless, the need to investigate the role of Islamic financial literacy in maximizing the benefits of Islamic finance remains an area that needs further exploration.

Although several previous studies investigate the role of innovation, Islamic financial literacy, and the influence of Islamic finance on MSMEs, there are still research gaps that need to be filled in the context of this study. These research gaps include limitations in integrating innovation and Islamic financial literacy, focusing on MSMEs in the context of Islamic finance and diverse geographical and industrial contexts. Previous research tends to separate innovation and Islamic financial literacy. This research will integrate these two aspects to understand better how innovation supported by Islamic financial understanding can improve the performance of MSMEs. In addition, this study will focus on MSMEs operating in an Islamic finance environment. This will allow for a more in-depth understanding of how Islamic finance principles affect MSME performance, considering aspects of Islamic financial literacy. Furthermore, this study will cover a range of geographical and industry contexts to understand the differences in the effect of innovation and Islamic financial literacy on MSMEs. By filling this research gap, this study will provide deeper insights into how innovation and Islamic financial literacy can be critical factors in improving MSME performance in the context of the Islamic economy.

This study explores the role of innovation and Islamic financial literacy in improving the performance of MSMEs. In this context, this study will examine in detail how adopting Sharia-compliant financial innovations and literacy can contribute positively to economic performance, including increased revenue, profitability, operational efficiency, and market share of MSMEs. In addition, this study will analyze the strategies applied as well as the stages of implementation related to innovation and Islamic financial literacy among MSME players. In this case, it will study how MSME players adopt Sharia principles in financial innovation and literacy and how effective strategies can help encourage and support MSME players in implementing Islamic financial innovation and literacy. Furthermore, this research will identify the inhibiting factors MSME players face in adopting Islamic financial innovation and literacy and offer appropriate solutions to overcome these challenges.

Through in-depth analysis, specific barriers, including culture, knowledge, accessibility, and compliance with Sharia principles, were studied. The solutions may provide practical guidance for MSME players to overcome these obstacles and better implement Islamic financial innovation and literacy. Furthermore, this research evaluated and measured the success of the implementation of Islamic financial innovation and literacy in MSMEs.

## **II. Literature Review**

### **2.1. Definition of Innovation in the Context of MSMEs**

Innovation is a concept that involves the development and application of new ideas, products, processes, or business models that bring added value and provide a competitive advantage (Singh & Aggarwal, 2021). In the context of MSMEs, innovation can cover various aspects such as products, marketing, operational management, and technology (Mannan & Haleem, 2019). Innovation also involves paradigm shifts, increased effectiveness, and creativity in responding to market challenges (Olazo, 2022). In the context of MSMEs, innovation is vital in improving competitiveness and business sustainability. MSMEs must adapt to market trends, technology, and consumer preferences (Octasyilva et al., 2022). Innovation can help MSMEs develop and expand product or service offerings, increase operational efficiency, improve quality, expand market reach, and improve customer experience (Triwahyono et al., 2023). With the right innovations, MSMEs can increase the added value and differentiation needed to survive and grow in a competitive market (Ayandibu et al., 2021).

One example of a form of innovation in MSMEs that can improve the performance of MSME actors is the use of digital technology to expand market reach. For example, an MSME that initially only sells its products locally can use an e-commerce platform to sell its products online. With this innovation, MSMEs can reach a broader range of consumers domestically and abroad. In addition, innovation in the form of using technology can also help MSMEs manage their business more efficiently. For example, using inventory and financial management applications can help MSMEs optimize product stock, manage purchases and sales, and monitor their finances in real-time. With this innovation, MSMEs can save time and effort in managing their business so they can focus on product development and marketing strategies. In addition, innovation in the form of collaboration between MSMEs can also improve the performance of MSME players. In this case, several MSMEs can work together to expand their market and improve competitiveness. For example, several MSMEs that have complementary products can form partnerships to present bundled products that are more attractive to consumers. With this collaboration, MSMEs can support each other and optimize their potential so that they can compete with larger businesses. Innovation is a critical factor in the successful development of MSMEs. In the context of MSMEs, innovation involves the development of new ideas, products, processes, or business models that provide added value and competitive advantage (de Carvalho et al., 2021). MSMEs must understand the importance of Islamic financial literacy in implementing innovations that comply with Sharia principles (Rahmansyah et al., 2023). By doing so, MSMEs can harness their innovative potential to achieve sustainable growth and strengthen their contribution to the Islamic economy.

### **2.2. Understanding Sharia Financial Literacy**

Islamic financial literacy refers to the knowledge, understanding, and skills related to the principles of Islamic finance (Mufidah et al., 2022). This includes understanding Sharia-based financing mechanisms, sharia-compliant financial instruments, and ethical values and

financial principles by Islamic teachings (Rashid et al., 2019). Understanding Islamic financial literacy enables individuals to make intelligent financial decisions, conduct Sharia-compliant business practices, and participate actively in the Islamic economy (Ahmad et al., 2020). Understanding Islamic financial literacy involves several essential components, including (Mufidah et al., 2022):

- a. Principles of Islamic Finance: An understanding of the principles underlying the Islamic financial system, such as the prohibition of usury, elements of fairness, and risk sharing.
- b. Islamic Financial Products and Instruments: Knowledge of various Islamic financial products and instruments, including Islamic contract-based financing, such as *mudharabah*, *musharakah*, and *murabahah*.
- c. Ethics and Financial Responsibility: Understanding Islamic business ethics, principles of justice, and social responsibility in business and financial activities.
- d. Personal or Business Financial Management: Knowledge of sound financial management, financial planning, investment, and decision-making centered on Shariah principles.

Understanding Islamic financial literacy is critical in conceptualizing innovations compliant with Islamic financial principles (Poon et al., 2020). A strong understanding of Islamic finance principles helps individuals and businesses plan innovations toward financial growth and align with Islamic ethical values (Mufidah et al., 2022). This understanding enables them to develop Shariah-compliant products or services, use appropriate Islamic financial instruments, and ensure the ongoing sustainability of innovations (Suseno et al., 2021). Islamic financial literacy is fundamentally necessary for understanding the principles of Islamic finance and carrying out appropriate economic practices (Alfarisi, 2020). Islamic financial literacy involves understanding Islamic principles, financial products and instruments, financial ethics and responsibilities, and personal or business financial management (Trianto et al., 2021). Understanding Islamic financial literacy is essential in conceptualizing innovations that consider ethical values and sharia principles (Alziyadat & Ahmed, 2018). In implementing innovations, this understanding enables individuals and businesses to develop Shariah-compliant products or services, conduct ethical business practices, and contribute to the sustainable growth of the Islamic economy (Rohayati & Qolbi, 2022).

### **2.3. The Relationship Between Innovation and Islamic Financial Literacy**

Innovation can significantly contribute to improving Islamic financial literacy (Dinc et al., 2021). Through innovation, economic actors can develop financial products or services that meet the needs of the Islamic community (Amalia & Rahmatullah, 2018). For example, innovations in Sharia electronic payments can facilitate Sharia-based transactions efficiently and securely. In this case, innovation supports strengthening Islamic financial literacy by expanding accessibility and convenience in using Islamic financial products and services. Islamic financial literacy acts as a driver of innovation in the Islamic economy (Pinasti et al., 2022). With a good understanding of the principles of Islamic finance, individuals and businesses can identify innovation opportunities compatible with Sharia values (Furqani, 2019). Islamic financial literacy enables them to develop innovative ideas and concepts that align with Sharia principles, such as Islamic contract-based financial products or innovative Islamic financing solutions (Rohayati & Qolbi, 2022). Thus, Islamic financial literacy encourages the creation of innovations beneficial in realizing a sustainable Islamic economy.

The close relationship between innovation and Islamic financial literacy is essential for achieving sustainability in the Islamic economy (Hilmi, 2018). Innovation supported by Islamic financial literacy helps improve the competitiveness of Islamic financial products and services in the global market (Poon et al., 2020). On the other hand, Islamic financial literacy provides relevant stakeholders with an understanding of Islamic financial values that serve as the foundation for the innovation of Sharia-compliant products and services (Pinasti et al., 2022). By complementing each other, Islamic financial innovation and literacy enable the Islamic economy to continue growing, benefit society, and strengthen a fair financial system. Islamic financial innovation and literacy are interrelated and complementary in conceptualizing Islamic financial innovation and literacy (Valenzuela et al., 2021). Innovation can strengthen Islamic financial literacy by developing Sharia-based financial products and services (Mohd Haridan et al., 2023). On the other hand, Islamic financial literacy drives innovation in developing a sustainable Islamic economy. The close relationship between innovation and Islamic financial literacy is essential in achieving the sustainability of the Islamic economy by increasing the competitiveness of Islamic financial products and ensuring the understanding of Islamic values in innovation (Poon et al., 2020). This mutual reinforcement, innovation, and Islamic financial literacy create a fair, innovative, and sustainable Islamic economy.

### **III. Methodology**

This research methodology was designed systematically and structured by adopting a literature approach and document analysis to collect relevant data and information. The following are the research stages along with the research stage table:

1. **Literature Review Stage:** The literature review began with identifying indicators of successful innovation and Islamic financial literacy in MSMEs in the context of Islamic economics. Second, various literature sources were examined, including scientific journals and books related to Islamic finance and MSME innovation. Finally, the investigation was conducted for relevant and appropriate evaluation methods to measure the impact of creation and the level of Sharia financial literacy on MSME performance.
2. **Data Collection Stage:** The data collection process began with data collection through careful literature review and document analysis. Secondly, data included information from literature sources, and previous research results relevant to this topic. Finally, access and analysis of industry reports and case studies related to MSMEs in Islamic economics provided a comprehensive perspective. The data sources used in this study involved 61 articles that were reviewed using artificial intelligence assistance, such as typeset.io and HUMATA AI. These articles belonged to scientific journals and literature books related to Islamic finance and MSME innovation. In addition, profiles of MSMEs were used as the basis for case studies related to MSMEs in Islamic economics, which were also used as data sources.
3. **Data Analysis Stage:** The data obtained from these sources were analyzed systematically. First, the researcher organized and collated the data to be appropriately elaborated manually without software. Then, various qualitative analysis techniques, such as content and thematic analysis, were used to understand and interpret the data. This analysis involved categorizing and classifying data relevant to the research questions. The researcher also looked at relationships and patterns that emerged from the analyzed data.
4. **Research Findings Stage:** Preparation of research findings based on the data analysis that had been carried out.

To strengthen the validity of the research, this methodology also applied data triangulation. Data triangulation is an approach that involves using several different data sources or data collection methods to verify and validate research findings. In this research, data triangulation was carried out by combining data from various sources, such as scientific journals, related books, and MSME profiles, as material for case studies related to MSMEs in Islamic economics. Using these various data sources, researchers obtained diverse viewpoints and ensured the research findings' robustness. In addition, data triangulation will also be carried out by using different data collection methods. Based on these stages, data collection methods that focus on literature and document analysis provide a solid framework to reveal the role of innovation and Islamic financial literacy in improving MSME performance. The data and information obtained from various sources provide a solid basis for the analysis and findings of this study. The following is the Research Stage Table used in this methodology:

**Table 2. Research Stage Table**

| Stage                   | Activity  |
|-------------------------|---|
| Literature Review Stage | a. Identification<br>b. Examination of literary sources<br>c. Search for evaluation methods |
| Data Collection Stage   | a. Data collection<br>b. Literature review<br>c. Document analysis                          |
| Data Analysis Stages    | Data analysis   |
| Research Findings Stage | Compilation of research findings  |

Source: Processed Data, 2023

## **IV. Results and Analysis**

### **4.1. The Role of Innovation in Improving MSME Performance**

Innovation plays a vital role in developing the products and services offered by MSMEs (Octasyulva et al., 2022). Through innovation, MSMEs can create or develop new products by adjusting to changing market needs and preferences (Olazo, 2022). Product innovation may include design changes, quality improvements, new technologies, or the development of environmentally friendly products. In addition, innovation can also enable MSMEs to provide more efficient and customer-oriented services, such as the use of digital technology for online sales or the development of superior after-sales services (Kharub & Sharma, 2020). Innovation within MSMEs can positively impact efficiency and productivity (Fitriaty et al., 2022). By implementing innovations in the production process, MSMEs can improve operational efficiency, reduce production costs, and optimize the use of resources (Wulandari & Koe, 2023). For example, automation technology or improved production processes can reduce the time, labor, or raw materials required to produce a product. This will improve the overall productivity and competitiveness of MSMEs.

Innovation also provides significant benefits in improving the competitiveness of MSMEs (Suharyati, 2020). In a changing market, MSMEs must strengthen their position by innovating to meet customer expectations and needs. By creating unique products and services, MSMEs can differentiate themselves from competitors and attract new customers. Innovation can also help MSMEs expand regional and global markets by expanding distribution networks, creating innovative marketing strategies, and establishing strategic partnerships (Olazo, 2022). In addition, MSMEs that are able to innovate also have an advantage in dealing with changes in the business environment and competition (Rahman & Ervina, 2021). They are more flexible in adjusting to market trends and changes,

responding to new challenges, and dealing with emerging risks. With innovation, MSMEs can find new opportunities, overcome obstacles, and expand their market share (Octasyulva et al., 2022). Thus, innovation plays a vital role in improving the overall performance of MSMEs in terms of products and services, operational efficiency, and competitiveness.

Innovations to improve MSME performance have a significant positive impact but can also have negative impacts. One of them is inequality in access and use of technology. This could result in a digital divide between MSMEs that can adopt technological innovation well and those that need more knowledge and resources. Implementing invention also requires significant investments in equipment, training, and infrastructure. MSMEs with limited resources need help adopting innovation, which hinders their ability to compete. Another negative impact is the replacement of human labor by technology. Innovations such as automation and artificial intelligence can reduce the need for human work. This could lead to structural unemployment. Inclusive technology access support, financial and technical assistance, and training and adjustment programs for affected workers are needed to overcome negative impacts. That way, the negative impact of innovation can be managed, and MSMEs can still develop.

#### **4.2. The Importance of Sharia Financial Literacy for MSME Players**

Islamic financial literacy refers to the understanding and knowledge that covers the principles and concepts of Islamic finance (Rashid et al., 2019). The main components of Islamic financial literacy include understanding sharia principles, knowledge of Islamic financial instruments, and the ability to manage Islamic finance (Mufidah et al., 2022). MSME players need to understand Sharia principles, which include the prohibition of *riba* (usury), *gharar* (excessive uncertainty), *maysir* (gambling), and *haram* (prohibited by Islam). They should understand concepts such as *zakat*, *waqf*, *mudharabah*, *musharakah*, and others related to Islamic finance. MSME players must understand various Islamic financial instruments such as *murabahah*, *ijara*, *musharakah*, *mudharabah*, *Sukuk*, etc. They must know these instruments' workings, benefits, risks, and rules (Suseno et al., 2021). Islamic financial literacy also includes the ability of MSME players to manage their finances by taking into account Sharia principles such as *halal* investment, fair management of payables and receivables, risk management with various Sharia mechanisms, and implementation of transactions by Sharia principles (Mufidah et al., 2022).

Islamic financial literacy is vital for MSME players (Mujiatun et al., 2023). First, by understanding Sharia principles, MSME players can run their businesses according to Islamic religious beliefs, increasing customer trust and satisfaction (Aldo et al., 2022). Second, Islamic financial literacy enables MSMEs to utilize Islamic financial instruments that align with Sharia values and principles (Santoso, 2020). This can help them access *halal* financing, such as *mudharabah* or *musharakah* financing, and avoid interest and usury instruments Islam prohibits. Third, Islamic financial literacy helps MSME players manage their finances more effectively and responsibly (Sofia et al., 2021). They can manage risks by using Sharia instruments such as *takaful* insurance, manage finances by paying attention to the principle of fair profit and loss sharing, and carry out transactions with integrity and transparency by Sharia principles.

Islamic financial literacy has a significant positive impact on the financial management of MSMEs (Pranatasari et al., 2021). Some positive impacts include more effective financial management, diversification of financing sources, increased trust and reputation, and access to Islamic financial markets (Suwarsi et al., 2022). With an understanding of Islamic financial instruments, MSMEs can make more informed financial decisions, minimize risks,



and optimize the use of financial resources with the various sharia mechanisms available (Majid & Mawaddah, 2022). Islamic financial literacy opens up opportunities for MSME players to access more flexible and shariah-compliant sources of Islamic financing, including Islamic microfinance, *mudharabah* financing, or sukuk or waqf (Disli et al., 2023). By adhering to Sharia principles in their financial management, MSME players can gain trust and a good reputation among consumers and business partners, thereby increasing their competitive advantage (Aldo et al., 2022). With Islamic financial literacy, MSME players can understand the requirements and procedures for participating in the Islamic financial market, such as sukuk issuance or applications for Islamic financing (Suseno et al., 2021). Thus, Islamic financial literacy provides essential benefits to MSME players in managing their finances, fulfilling Sharia principles, and improving the competitiveness and sustainability of their businesses.

#### **4.3. Strategy and Implementation of Sharia Financial Innovation and Literacy in MSME Actors**

The implementation of innovation in Sharia-based MSMEs can involve several steps, which include the following:

1. Identifying innovation needs and opportunities, forming innovation teams, idea development and research, pilot testing and prototype development, and implementing innovations (Menne et al., 2022). Through market research and field studies, MSMEs must identify consumer needs and innovation opportunities that comply with Sharia principles (Alika et al., 2021). This can be done through surveys, interviews, or market analysis to find gaps or unmet needs in the Islamic market.
2. MSMEs can form a dedicated team responsible for managing and driving innovation. This team can consist of a variety of members, such as entrepreneurs, Islamic finance experts, technology experts, and marketing experts, who can complement each other in generating innovative ideas.
3. The innovation team needs to conduct further research to develop innovative ideas compliant with Shariah principles. They can conduct studies on similar existing products or services, look at market trends, and explore ideas through creative methods such as brainstorming (Olazo, 2022).
4. Once innovative ideas are created, MSMEs can conduct trials of new product or service prototypes. Through these trials, MSME players can get consumer feedback and make improvements or further development to ensure the product or service meets market needs and preferences (Wulandari & Koe, 2023).
5. Once an innovative product or service has been developed and tested, MSMEs can prepare appropriate marketing and distribution strategies to launch the product or service into the market (Sathana et al., 2021). This may involve appropriate distribution channels, effective promotional strategies, and impressions consistent with Sharia values in communications and branding.

Programs to improve Islamic financial literacy for MSME players can be carried out with several steps, including training and education, information resources, consultation and mentoring, and partnerships with Islamic financial institutions (Olazo, 2022). MSME players need to receive training and education on the principles of Islamic finance, Islamic financial instruments, and Sharia-based financial management practices (Wulandari & Koe, 2023). This can be done through workshops, seminars, or training programs involving Islamic finance experts and business practitioners. MSMEs can access various information resources on Islamic financial literacy, such as books, brochures, guides, and online materials that provide an in-depth understanding of Islamic financial concepts and principles. MSMEs can have access to consultants or mentors who are experienced in

Islamic finance. According to Sharia principles, these consultants or mentors can guide, advise, and support in managing finances. MSMEs can establish partnerships with Islamic financial institutions, such as Islamic banks or financing institutions, to access Sharia-compliant financial products and services (Sathana et al., 2021). These institutions can also provide information and training on Islamic financial literacy to MSME actors.

Collaboration between MSME players, government agencies, Islamic financial institutions, and Islamic business communities can encourage innovation and Islamic financial literacy (Barus, 2021). Some forms of collaboration that can be carried out include training and mentoring programs, facilitating access to Islamic financing, innovation and literacy centers, networks and communities, and incentive programs. Government institutions can collaborate with Islamic financial institutions and business communities to organize Islamic financial literacy training and mentoring programs for MSME players (Rizal, 2021). This program can involve various parties competent in Islamic finance to provide guidance and support to MSME players. Islamic financial institutions can work with MSME players to provide more accessible and affordable access to Islamic financing (Paramita et al., 2019). This can be done by providing special financing programs for Sharia-based MSMEs or developing financing products that suit the needs and characteristics of MSMEs. The government and Islamic financial institutions can work together to establish innovation and literacy centers. An innovation and literacy center can be a central place for MSME players, Islamic finance experts, and innovators to collaborate and share knowledge and experience (Rahmansyah et al., 2023). The center can organize training programs, seminars, and workshops to improve Islamic financial literacy, facilitate the exchange of ideas, and develop innovations in Islamic business. The Islamic business community can form networks and communities that support the development of innovation and Islamic financial literacy (Saad et al., 2020). Through regular meetings, discussions, and collaboration between network members, MSME players can learn from each other, share opportunities, and get support to implement Islamic finance innovations and practices. The government and Islamic financial institutions can develop incentive programs, such as awards and financial assistance, for MSME players who innovate and implement Islamic financial practices well (Rizal, 2021). These programs can encourage MSME players' motivation and active participation in developing sustainable and Sharia-compliant businesses (Quimba & Rosellon, 2019).

#### **4.4. Case Study: Successful Sharia Financial Innovation and Literacy in MSMEs**

This case study was about UMKM "Kopi Kutjur," which produces and sells Sharia-based processed drinks. UMKM "Kopi Kutjur" has effectively implemented innovation and Islamic financial literacy. MSME "Kopi Kutjur," located in Sumberrejo Village, Purwosari District, Pasuruan Regency, East Java, has over five employees. This MSME focuses on producing and selling processed beverages, namely coffee. They choose to run their business based on Sharia principles, including using halal ingredients, avoiding usury, and transparency in doing business. One of the innovations made by "Kopi Kutjur" MSME is the development of various variants of sachet coffee products that comply with Sharia principles. They combine the habit of drinking coffee with Sharia values so that their products become unique and attractive to consumers who are coffee lovers and pay attention to halal aspects. "Kopi Kutjur" MSMEs have implemented Islamic financial literacy well in their financial management. They use Sharia financial instruments, such as *mudharabah* financing and Sharia-based savings, and avoid usury transactions. "Kopi Kutjur" MSMEs also actively maintain openness and transparency in financial matters, for example, by preparing financial reports clearly and regularly.

There are positive impacts and challenges in implementing innovation and Islamic financial literacy in MSMEs. The positive impact of implementing innovation and Islamic financial literacy on MSMEs is consumer trust and business sustainability. By conducting business based on Sharia principles and implementing product innovations relevant to people who care about healthy food and halalness, "Kopi Kutjur" MSMEs have built strong consumer trust. This has led to increased consumer loyalty and stable demand for their products. Implementing Islamic finance helps "Kopi Kutjur" MSMEs create stability in their financial management. By utilizing Sharia-compliant financing and avoiding *ribawi* transactions, these MSMEs can avoid risks and manage their finances more prudently. This contributes to the long-term sustainability of their business.

The challenges in implementing Islamic financial innovation and literacy in MSMEs are awareness, education, and access to financing. One of the challenges faced by "Kopi Kutjur" MSMEs is the lack of awareness and understanding of the principles of Islamic finance among business actors and consumers. Efforts to educate and raise awareness about Islamic finance among MSME players and the general public should continuously be encouraged so that more MSMEs can adopt innovations and implement Islamic financial practices. MSMEs often need help gaining access to financing that complies with Sharia principles. Despite positive developments in the Islamic finance industry, further efforts are needed to expand financing opportunities for Sharia-based MSMEs, including "Kopi Kutjur." Collaboration with Islamic financial institutions and the government can help overcome this challenge.

#### **4.5. Evaluation and Measurement of the Success of Sharia Financial Innovation and Literacy in MSMEs**

Clear and measurable indicators are needed to evaluate and measure the success of innovation and Islamic financial literacy in MSMEs (Rahmansyah et al., 2023). The indicators include revenue growth, sales and market share, operational efficiency, and consumer confidence (Bank, 2023). The revenue growth indicator measures the increase in revenue achieved by MSMEs after implementing Islamic financial innovation and literacy (Srisusilawati, Fasa et al., 2021). Increased revenue indicates success in optimizing market opportunities and increasing business competitiveness (Ratnawati, 2020). The Sales and Market Share indicator measures the increase in MSMEs' sales volume and market share (Rusdana et al., 2022). Implementing innovations, increased sales, and more significant market share gains indicate success in meeting consumer needs and creating a competitive advantage (Olazo, 2022). The Operational Efficiency indicator measures the increase in operational efficiency of MSMEs after implementing innovations (Triwahyono et al., 2023). For example, resource optimization, increased productivity, and reduced production costs. Increased efficiency indicates better management of the business (Ratnawati, 2020). The Consumer Trust indicator measures the level of consumer confidence in MSMEs after implementing innovation and Islamic financial literacy (Hasyim et al., 2022). This can be seen through customer satisfaction surveys, positive reviews, and recommendations given by consumers to others (Lee & Hong, 2019).

Several methods can be used to evaluate and measure innovation performance and Islamic financial literacy in MSMEs, including surveys and interviews, financial Analysis, case studies, and industry comparisons (Suseno et al., 2021). Surveys and Interviews can be implemented by surveying customers, business partners, and employees of MSMEs to obtain input and feedback on the success of Islamic financial innovation and literacy (Rohayati & Qolbi, 2022). Interviews with MSME owners can also provide a more in-depth perspective on the impact of the innovations that have been made. Financial Analysis can be implemented by analyzing the financial statements of MSMEs before and after the

implementation of innovation and Islamic financial literacy (Rahmansyah et al., 2023). This Analysis focuses on financial performance indicators such as revenue, net profit, financial ratios, and asset growth. Case Studies can be implemented by conducting in-depth case studies on several MSMEs that have successfully implemented Islamic financial innovation and literacy (Hakeem, 2019). These studies can involve data collection, qualitative data analysis, and the preparation of reports that provide a complete picture of the process and results of innovation implementation. Industry comparison can be implemented by comparing the performance of MSMEs that have implemented innovation and Islamic financial literacy with similar MSMEs in the same industry (Srisusilawati, Fasa et al., 2021). Performance indicators such as revenue growth, sales, and market share can be compared to assess whether MSMEs with Islamic financial innovations and literacy achieve better results than their competitors (Srisusilawati, Malik et al., 2021). Through these evaluation and measurement methods, a better understanding of the success of Islamic financial innovation and literacy in MSMEs can be obtained, and it can also help identify areas that need to be improved or enhanced to achieve better results in the future.

## **V. Conclusion and Recommendation**

### **5.1. Summary of Research Findings**

In examining the success of innovation and Islamic financial literacy in MSMEs, the research findings have several important points, including Product Innovation, Islamic Financial Management, and Holistic Approach. Implementing product innovation based on Sharia principles can help MSMEs create added value for consumers who care about healthy food, halal, and religious values. This can help increase sales, market share, and consumer confidence in MSMEs. MSMEs that implement Islamic financial literacy effectively can create operational efficiency, manage financial risks, and build consumer confidence. Islamic financial instruments such as *mudharabah* financing and Sharia-based savings are essential to ensure compliance with Sharia principles. Islamic financial innovation and literacy success in MSMEs is independent of the product and financial aspects. A holistic approach that includes access to education and training, business support, access to financing, and good marketing are also essential factors.

### **5.2. Implications and Recommendations**

Based on the research findings, some implications and recommendations that can be considered include education and training, access to financing, business and market support, and evaluation and monitoring. Further efforts are needed to increase MSMEs' awareness and understanding of Islamic financial innovation and literacy. Training and education covering product aspects, Islamic financial management, and Shariah principles in business can assist MSMEs in adopting appropriate practices. Improving MSMEs' access to Islamic financing is essential by strengthening cooperation between MSMEs, Islamic financial institutions, and the government. Establishing specialized financing institutions or more inclusive financing schemes can assist MSMEs in obtaining financing compliant with Sharia principles. MSMEs must be supported in developing marketing strategies, branding, and access to broader markets. Mentoring programs and access to business networks can assist MSMEs in improving their competencies and exposure in the market. Regular evaluation and monitoring of Islamic financial innovation and literacy implementation in MSMEs is essential. This will help identify successes and challenges faced and refine and improve existing programs by considering feedback from businesses and consumers.

## References

- Abdullah, W. A. A. W., Razak, K. A., Hamzah, M. I., & Zhaffar, N. M. (2021). Innovation Concept in Islam based on Innovative Asatizah. *Journal of Quranic Sciences and Research*. <https://api.semanticscholar.org/CorpusID:245374002>
- Ahmad, G. N., Widyastuti, U., Susanti, S., & Mukhibad, H. (2020). Determinants of the Islamic financial literacy. *Accounting*. <https://api.semanticscholar.org/CorpusID:226600613>
- Aldo, R., Mutia, A., & Nazori, M. (2022). Implementation of Islamic Business Ethics In Small And Medium Micro Enterprises (Msmes) In Jambi City. *Journal of Management and Business Innovations*. <https://api.semanticscholar.org/CorpusID:256381540>
- Alfarisi, M. F. (2020). *The Impact of Islamic Economics and Finance Courses on Islamic Financial Literacy*. <https://api.semanticscholar.org/CorpusID:214050359>
- Alika, V. A., Santoso, S. B., Nurmaliki, S., & Anisa, N. A. (2021). Marketing Strategy Sharia Financial Institutions to Promote Sharia Fintech and Micro and Small Enterprises (MSES). *Proceedings of the 1st MICOSS Mercu Buana International Conference on Social Sciences, MICOSS 2020, September 28-29, 2020, Jakarta, Indonesia*. <https://api.semanticscholar.org/CorpusID:236597048>
- Alziyadat, N., & Ahmed, H. (2018). Ethical decision-making in Islamic financial institutions in light of Maqasid Al-Sharia : A conceptual framework. *Thunderbird International Business Review*. <https://api.semanticscholar.org/CorpusID:158228034>
- Amalia, E., & Rahmatullah, I. (2018). *Strategic Alliances between Sharia Microfinance Institutions and Financial Technology in Strengthening Small Micro Enterprises for Socio Economic Justice*. <https://api.semanticscholar.org/CorpusID:226919314>
- Anwar, S. M. (2020). Islamic bank contribution to Indonesian economic growth. *International Journal of Islamic and Middle Eastern Finance and Management*, 13, 519–532. <https://api.semanticscholar.org/CorpusID:222079081>
- Awaliyah, R., & Asri, K. H. (2023). Building Innovative and Prosperous MSMEs in the Perspective of the Islamic Economy. *ALIF*. <https://api.semanticscholar.org/CorpusID:260913864>
- Ayandibu, A. O., Vezi-Magigaba, M. F., & Kaseeram, I. (2021). *Innovation as an Improvement Tool for SMMEs*. <https://api.semanticscholar.org/CorpusID:225028933>
- Bank, I. D. (2023). *Innovations in Islamic Finance*, Wright, C.
- Barus, E. E. (2021). Collaboration In Developing Islamic Micro Finance Institutions (IMFs) Based On Financial Technology. *At-Tijarah: Jurnal Ilmu Manajemen Dan Bisnis Islam*. <https://api.semanticscholar.org/CorpusID:246762313>
- de Carvalho, G. D. G., Resende, L. M., Pontes, J., de Carvalho, H. G., & Betim, L. M. (2021). Innovation and Management in MSMEs: A Literature Review of Highly Cited Papers. *SAGE Open*, 11. <https://api.semanticscholar.org/CorpusID:244602416>
- Dinc, Y., Çetin, M., Bulut, M., & Jahangir, R. (2021). Islamic financial literacy scale: an amendment in the sphere of contemporary financial literacy. *ISRA International Journal of Islamic Finance*, 13(2), 251–263. <https://doi.org/10.1108/IJIF-07-2020-0156>
- Disli, M., Aysan, A. F., & Abdelsalam, O. (2023). Favoring the small and the plenty: Islamic banking for MSMEs. *Economic Systems*, 47(1), 101051. <https://doi.org/https://doi.org/10.1016/j.ecosys.2022.101051>
- Fitriaty, F., Elliyan, D., & Widiastuti, F. (2022). Innovation model for MSMEs recovery business strategy: Lessons from tourism area during the COVID-19 pandemic. *Jurnal Perspektif Pembiayaan Dan Pembangunan Daerah*. <https://api.semanticscholar.org/CorpusID:253950966>
- Furqani, H. (2019). Fintech and Islamic finance. *Fintech In Islamic Finance*.

- <https://api.semanticscholar.org/CorpusID:197878470>
- Hakeem, M. M. (2019). Innovative solutions to tap “Micro, Small and Medium Enterprises” (MSME) market. *Islamic Economic Studies*, 27(1), 38–52.  
<https://doi.org/10.1108/IES-05-2019-0002>
- Hasyim, I. S., Hanif, H., & Anggraeni, E. (2022). Analysis of Perceived Usefulness, Perceived Ease of Use, Trust, And Sharia Financial Literature on The Adoption of Sharia Fintech By MSMEs. *Al-Kharaj : Jurnal Ekonomi, Keuangan \& Bisnis Syariah*.  
<https://api.semanticscholar.org/CorpusID:253335652>
- Hilmi, M. F. (2018). Responsible innovation in the financial sector: an Islamic perspective. *Journal of Responsible Innovation*, 5, 247–252.  
<https://api.semanticscholar.org/CorpusID:169797826>
- Kharub, M., & Sharma, R. K. (2020). An integrated structural model of QMPs, QMS and firm’s performance for competitive positioning in MSMEs. *Total Quality Management \& Business Excellence*, 31, 312–341.  
<https://api.semanticscholar.org/CorpusID:158830791>
- Lee, J., & Hong, I. B. (2019). Consumer’s Electronic Word-of-Mouth Adoption: The Trust Transfer Perspective. *International Journal of Electronic Commerce*, 23, 595–627.  
<https://api.semanticscholar.org/CorpusID:203620515>
- Majid, R., & Mawaddah, H. (2022). FinTech and MSMEs: The role of product knowledge. *Asian Journal of Islamic Management (AJIM)*, 4(1), 15–24.  
<https://doi.org/10.20885/AJIM.vol4.iss1.art2>
- Mannan, B., & Haleem, A. (2019). *Modelling Factors of Innovation Management for Its Implementation in MSMEs of Developing Countries: An IRP Approach*.  
<https://api.semanticscholar.org/CorpusID:169674123>
- Menne, F., Surya, B., Yusuf, M., Suriani, S., Ruslan, M., & Iskandar, I. (2022). Optimizing the Financial Performance of SMEs Based on Sharia Economy: Perspective of Economic Business Sustainability and Open Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(1), 18.  
<https://doi.org/https://doi.org/10.3390/joitmc8010018>
- Mohd Haridan, N., Sheikh Hassan, A. F., Mohammed Shah, S., & Mustafa, H. (2023). Financial innovation in Islamic banks: evidence on the interaction between Shariah board and FinTech. *Journal of Islamic Accounting and Business Research*, 14(6), 911–930. <https://doi.org/10.1108/JIABR-11-2022-0305>
- Mufidah, A., Istifadah, I., & Awaliyah, I. N. (2022). Sharia Financial Literacy In Personal Financial Planning. *International Social Sciences and Humanities*.  
<https://api.semanticscholar.org/CorpusID:258196808>
- Mujiatun, S., Trianto, B., Cahyono, E. F., & Rahmayati. (2023). The Impact of Marketing Communication and Islamic Financial Literacy on Islamic Financial Inclusion and MSMEs Performance: Evidence from Halal Tourism in Indonesia. *Sustainability (Switzerland)*, 15(13). <https://doi.org/10.3390/su15139868>
- Octasyilva, A. R. P., Yuliati, L. N., Hartoyo, H., & Soehadi, A. W. (2022). Innovativeness as the Key to MSMEs’ Performances. *Sustainability*.  
<https://api.semanticscholar.org/CorpusID:249077473>
- Olazo, D. B. (2022). Marketing competency, marketing innovation and sustainable competitive advantage of small and medium enterprises (SMEs): a mixed-method analysis. *Asia Pacific Journal of Marketing and Logistics*.  
<https://api.semanticscholar.org/CorpusID:249386424>
- Paramita, M., Brawijaya, A., & Munawar, W. (2019). Micro Small and Medium Enterprises Accessibility to Financing at Islamic Microfinance Institution in Indonesia. *The Journal of Social Sciences Research*.  
<https://api.semanticscholar.org/CorpusID:211751671>
- Pinasti, U. S., Astuti, M. Y., Cantika, V. P., Fahmi, R. A., & Tulasmi, T. (2022). Influence of

- Financial Ability, Financial Knowledge, and Security on The Interest in Using Digital Payments as a Development of Sharia Economy. *KnE Social Sciences*.  
<https://api.semanticscholar.org/CorpusID:250328922>
- Poon, J. P. H., Chow, Y. W., Ewers, M. C., & Ramli, R. (2020). The Role of Skills in Islamic Financial Innovation: Evidence from Bahrain and Malaysia. *Journal of Open Innovation: Technology, Market, and Complexity*.  
<https://api.semanticscholar.org/CorpusID:225634491>
- Prakash, B., Kumar, I., & Verma, J. K. (2021). Barriers and potential solutions for MSMEs in developing economies: Evidence from India. *Problems and Perspectives in Management*. <https://api.semanticscholar.org/CorpusID:244864155>
- Pranatasari, D., Rahmanto, D. N. A., & Wicaksana, R. S. (2021). Digital Islamic Financial Literacy and Inclusion on Profitability of Micro, Small and Medium Enterprises. *NUsantara Islamic Economic Journal*.  
<https://api.semanticscholar.org/CorpusID:253472384>
- Putri, A. R., Muzayanah, I. F. U., & Kasri, R. A. (2018). *The Role of Islamic Microfinance to Support the Growth of Small – Medium Enterprises: Case Study of SMEs in Jakarta, Depok, Bogor and Tangerang*. <https://api.semanticscholar.org/CorpusID:222628720>
- Quimba, M., & Rosellon, M. (2019). Impact of Government Incentive on MSME Innovation. *Philippine Institute for Development Studies*, 27. <https://www.pids.gov.ph>
- Radha, N., & Sekhar, S. C. (2019). Impact of Globalization on MSME: Prospects, Challenges and Policy Implementation on Economic Growth. *International Journal of Trend in Scientific Research and Development*.  
<https://api.semanticscholar.org/CorpusID:211766905>
- Rahman, A., & Ervina. (2021). A Model for Enhancing the Competitiveness of MSMEs Through E-Commerce. *Proceedings of the 2nd International Conference on Administration Science 2020 (ICAS 2020)*.  
<https://api.semanticscholar.org/CorpusID:237750558>
- Rahmansyah, D., Saputri, D. V., Utami, Z. R., & Wang, Y. (2023). The Role of Sharia Financial Innovation and Literacy for MSME Actors in Increasing Profitability. *Sharia Oikonomia Law Journal*. <https://api.semanticscholar.org/CorpusID:260834010>
- Rashid, R. A., Zainol, Z., YazidIsa, M., Taib, N. M., & Nizam, A. N. H. K. (2019). *Exploring the Conceptual Definition of Islamic Financial Literacy from the Quran and Sunnah*.  
<https://api.semanticscholar.org/CorpusID:216392712>
- Ratnawati, K. (2020). The Influence of Financial Inclusion on MSMEs' Performance Through Financial Intermediation and Access to Capital. *Journal of Asian Finance, Economics and Business*, 7, 205–218.  
<https://api.semanticscholar.org/CorpusID:228855467>
- Rizal, M. (2021). ASSISTANCE OF SHARIA BANKING FINANCE PROGRAM IN MSME DEVELOPMENT IN MALANG REGENCY. *Journal of Interdisciplinary Socio-Economic and Community Study*. <https://api.semanticscholar.org/CorpusID:245775929>
- Rohayati, S., & Qolbi, T. A. (2022). THE INFLUENCE OF ISLAMIC FINANCIAL LITERACY LEVEL ON INTEREST IN CREATING MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs). *Syari'ah Economics*. <https://api.semanticscholar.org/CorpusID:252239706>
- Rusdana, N. R., Choirani, S. J., & Friska, A. S. (2022). Digital Marketing Communication Strategy for Micro, Small and Medium Enterprises (MSMEs) in Business Competition. *International Journal of Research and Applied Technology*.  
<https://api.semanticscholar.org/CorpusID:252135263>
- Saad, N. M. D., Mohammad, M., & Haneef, M. A. (2020). *Empowering Community Through Entrepreneurship Training and Islamic Micro-Financing*.  
<https://api.semanticscholar.org/CorpusID:213051235>
- Santoso, B. (2020). *The Role of Micro, Small, and Medium Enterprises Toward Sustainable Development Goals Through Islamic Financial Institutions*. 409(SoRes 2019), 585–595.

- <https://doi.org/10.2991/assehr.k.200225.127>
- Sathana, V., Velnampy, T., & Rajumesh, S. (2021). *Role of Innovative Marketing Strategy for Success of Micro, Small, and Medium Enterprises (MSMEs)*.  
<https://api.semanticscholar.org/CorpusID:236706027>
- Singh, S., & Aggarwal, Y. (2021). In search of a consensus definition of innovation: a qualitative synthesis of 208 definitions using grounded theory approach. *Innovation: The European Journal of Social Science Research*, 35, 177–195.  
<https://api.semanticscholar.org/CorpusID:236553760>
- Sofia, N., Ritonga, M., & Arita, S. (2021). *Analysis of MSME Players' Financial Literacy in Payakumbuh City*. <https://api.semanticscholar.org/CorpusID:235753300>
- Srisusilawati, P., Fasa, M. I., Nurhayat, S., Anugrahwanto, R. B., Hidayat, A. W., Sulaimawan, D., Fitri, A., Rahmayuni, S., & Zahra, D. N. (2021). *The Nexus Between Dynamic Capability and Islamic Financial Literacy Towards Innovation of Small Medium Enterprises (SMEs) in Indonesia*.  
<https://api.semanticscholar.org/CorpusID:233367380>
- Srisusilawati, P., Malik, Z. A., Silviany, I. Y., & Eprianti, N. (2021). The roles of self efficacy and sharia financial literacy to SMES performance: business model as intermediate variable. In *F1000Research* (Vol. 10).  
<https://doi.org/10.12688/f1000research.76001.2>
- Suharyati, S. (2020). *Strengthening Innovation And Entrepreneurship In Improving Smes Competitiveness*. <https://api.semanticscholar.org/CorpusID:216191265>
- Suseno, I., Yohanna, L., & Sondari, E. (2021). Islamic financial literacy and management for MSMEs. *Proceeding of the International Conference on Family Business and Entrepreneurship*. <https://api.semanticscholar.org/CorpusID:247049649>
- Suwarso, A. A., Sharfina, A. G., & Anggraeni, A. (2022). Portrait of MSMEs' Islamic Financial Literacy and The Impact on Business Development. *Afkaruna: Indonesian Interdisciplinary Journal of Islamic Studies*.  
<https://api.semanticscholar.org/CorpusID:251143791>
- Trianto, B., Barus, E. E., & Sabiu, T. T. (2021). Relationship Between Islamic Financial Literacy, Islamic Financial Inclusion and Business Performance : Evidence from Culinary Cluster of Creative Economy. *IKONOMIKA*.  
<https://api.semanticscholar.org/CorpusID:236336531>
- Triwahyono, B., Rahayu, T. S., & Kraugusteeliana, K. (2023). Analysing the Role of Technological Innovation in Improving the Operational Efficiency of MSMEs. *Jurnal Minfo Polgan*. <https://api.semanticscholar.org/CorpusID:261115579>
- Usman, U., Kusuma, H., & Ardiansyah, M. (2022). Predicting Islamic Finance Adoption Behavior by MSMEs: Institutional Theory Approach. *Jurnal Manajemen Bisnis*.  
<https://api.semanticscholar.org/CorpusID:251639168>
- Valenzuela, M. C., Martínez-Martínez, S. L., & Soto, J. D. (2021). *Financial Literacy and Innovation Performance in SMEs*.  
<https://api.semanticscholar.org/CorpusID:234232941>
- Weldeslassie, H. A., Vermaack, C., Gebrekirstos, K., Minwuyelet, L., Tsegay, M., Tekola, N. H., & Gidey, Y. (2019). Contributions of Micro, Small and Medium Enterprises (MSMEs) to Income Generation, Employment and GDP: Case Study Ethiopia. *Journal of Sustainable Development*. <https://api.semanticscholar.org/CorpusID:195519856>
- Wulandari, R., & Koe, W.-L. (2023). The Effect of Owner's Characteristics through Innovation on the MSMEs Performance. *International Research Journal of Business Studies*. <https://api.semanticscholar.org/CorpusID:257463702>