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The Role of Financial Literacy in Mediating the Influence of BSI Mitraguna on the Growth of MSMEs in Aceh

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Abstract

This study investigates the influence of BSI Mitraguna financing on the development of micro, small, and medium enterprises (MSMEs) in Aceh, with particular attention to the role of financial literacy. Using a q uantitative explanatory research design, the study focuses on active BSI Mitraguna financing recipients in Aceh. Respondents were selected based on specific criteria, including a minimum duration of financing engagement and ongoing MSME operations. Data were gathered through a structured questionnaire using a Likert scale and analyzed using the Structural Equation Modeling--Partial Least Squares (SEM-PLS) method with SmartPLS software. The results reveal that BSI Mitraguna plays a significant role in fostering MSME growth. It not only provides financial capital but also contributes to improving the financial literacy of MSME actors. Furthermore, financial literacy serves as a crucial intermediary, enhancing the effectiveness of financing in driving business development. These findings suggest that microfinance programs are more impactful when integrated with financial education tailored to the specific needs of local entrepreneurs. Ultimately, this study contributes to the growing body of knowledge on Islamic microfinance by demonstrating that the synergy between financing and financial literacy is essential for sustainable MSME development. It also provides practical implications for policymakers and financial institutions to design integrated financing models that not only support capital access but also strengthen entrepreneurial capacity, thereby enhancing long-term economic resilience and inclusive growth.

Keywords: BSI Mitraguna, MSMEs, Financial Literacy, Islamic Financing

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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in economic development, particularly in developing countries such as Indonesia, where they contribute significantly to economic growth, employment generation, and poverty reduction (Ayyagari et al., 2007, 2023; OECD & ERIA, 2018). MSMEs also serve as key drivers of inclusive growth and regional economic development, including in Aceh, where strengthening local economic capacity remains an important priority. Despite their significant contribution, MSMEs continue to face structural challenges that limit their growth potential. Limited access to formal financing and low levels of financial literacy remains two of the most critical barriers. These constraints hinder capital accumulation, reduce productivity, and weaken business sustainability. Many MSME actors struggle to access financial institutions due to limited collateral, inadequate financial records, and insufficient financial knowledge.

To address these challenges, Islamic finance has emerged as an alternative financial system that supports inclusive economic development. Islamic finance operates based on principles of risk-sharing, fairness, and strong linkage to real economic activities, making it more suitable for MSMEs compared to conventional financing systems (Abduh & Chowdhury, 2012; Beck et al., 2013). In Indonesia, the establishment of Bank Syariah Indonesia (BSI) reflects efforts to strengthen financial inclusion and expand access to financing through products such as BSI Mitraguna.

Previous studies have examined the role of financing and financial literacy in MSME development, but several limitations remain. Financing has been found to positively influence MSME growth (Dwyanti, 2024; Tubastuvi et al., 2023), while financial literacy improves financial management and business performance (Fajri et al., 2025; Kusuma et al., 2022; Mariana et al., 2024; Mariana et al., 2025; Maulena et al., 2024). However, these studies largely treat financing and financial literacy as separate determinants. A clear research gap emerges from this limitation. First, prior studies rarely integrate financing and financial literacy within a single analytical framework. Second, limited research explores the mechanism through which financing affects MSME growth, particularly the mediating role of financial literacy. Third, empirical evidence focusing on Islamic financing instruments, such as BSI Mitraguna, remains limited. As a result, it is still unclear whether financing directly influences MSME growth or operates indirectly through improvements in financial literacy. Addressing this gap is important for advancing understanding of inclusive economic development. Examining how financial access interacts with financial capability can provide deeper insights into the drivers of sustainable MSME growth. This understanding is essential for designing policies that not only expand access to financing but also enhance the capacity of MSMEs to manage financial resources effectively. Therefore, this study aims to:

1. Analyze the effect of BSI Mitraguna financing on MSME growth.
2. Examine the effect of BSI Mitraguna financing on financial literacy.
3. Analyze the effect of financial literacy on MSME growth.
4. Investigate the mediating role of financial literacy in the relationship between BSI Mitraguna financing and MSME growth.

This study contributes to the literature by integrating Islamic financing and financial literacy within a single empirical model and by explicitly examining the mediating role of financial literacy. Unlike previous studies that analyze these variables separately, this research provides a more comprehensive explanation of how financing contributes to MSME growth. In addition, the focus on Islamic financing offers new insights into the role of ethical and inclusive financial systems in supporting sustainable economic development.

Financial Access and MSME Growth

Access to finance plays a critical role in enabling MSMEs to grow and sustain their business operations (Harahap et al., 2024; Sisay et al., 2025). Studies have consistently shown that micro-financing schemes, especially those based on Sharia principles, provide much-needed capital that supports business expansion. Hsb et al. (2024) demonstrate that the Sharia KUR financing model enhances MSME awareness of financial products and improves the effectiveness of financing received. This increased access to capital empowers MSMEs to invest in their operations, which ultimately drives local economic development. These findings are supported by Agustina and Kurniasari (2023), who highlight that Bank Syariah Indonesia (BSI) has been instrumental in improving MSME welfare through accessible capital assistance, with many beneficiaries reporting increased incomes following their participation in BSI's programs. Furthermore, the importance of MSME credit in stimulating economic growth is emphasized by Abu et al. (2024), who argue that such financing is a key factor in production processes. The availability of credit allows entrepreneurs to purchase raw materials, expand production capacity, and improve product quality, all of which contribute to a broader national economic impact (Mariana et al., 2024; Surya et al., 2021). However, access alone is not sufficient; how MSMEs utilize these funds is equally important, which links the role of financial literacy and education to effective financing outcomes.

Education and Training for MSME Competitiveness

Beyond financial access, education and capacity-building are essential for enhancing MSME competitiveness. Sutrisno et al. (2023) find that education contributes significantly to skill development, which is vital for entrepreneurship, innovation, and job creation within MSMEs. These skills help business owners manage their operations more efficiently and adapt to changing market conditions. Additionally, improved educational levels correlate with better financial decision-making and long-term business sustainability. The development of human capital through education fosters resilience and supports sustainable economic growth.

Complementing this, Emi and Sardin (2024) explore the role of MSME facilitators and mentorship programs in various communities. Their study shows that targeted training and support help MSMEs develop critical entrepreneurial competencies and innovative capabilities. Such initiatives not only improve the operational performance of MSMEs but also encourage networking, knowledge sharing, and access to new markets (College & Journal, 2024; Soomro, 2025). Together, education and mentorship create a foundation for MSMEs to thrive amid economic challenges and shifting consumer preferences.

Digital Transformation and Operational Challenges

In an increasingly digital economy, MSMEs must embrace technology to maintain competitiveness. Anatan and Nur (2023) investigate MSME readiness for digital transformation and find a positive correlation between digital adoption and improved financial performance. Technology enables MSMEs to streamline operations, enhance marketing efforts, and better engage with customers. Digital tools also facilitate more accurate financial management and reporting, which are critical for sustainable growth. However, many MSMEs face challenges in accessing digital infrastructure and acquiring digital skills, which can hinder their ability to fully leverage these benefits (Hendrawan et al., 2024; Titin et al., 2024).

Moreover, the rapid pace of technological change requires ongoing investment in digital capabilities. MSMEs that fail to keep up with digital trends risk losing market share to more tech-savvy competitors. Governments and financial institutions play a vital role in supporting MSMEs through digital literacy programs and affordable access to technology (Hendrawan et al., 2024; Ruhayu & Maritim, 2024). This support helps bridge the digital divide and ensures MSMEs can adapt to evolving business environments, securing their role in the broader economy.

Government Policy and Structural Support

Government policies are integral to creating an enabling environment for MSME growth (Kartani et al., 2024). Strategic government expenditures and investment programs target MSME development, providing financial incentives, infrastructure support, and regulatory reforms (Prasetyo, 2020). Such policies aim to reduce barriers to entry, lower operational costs, and enhance market access for MSMEs. Government intervention often serves as a catalyst for economic resilience by stabilizing markets and encouraging entrepreneurship, especially in regions with limited private sector activity.

In addition to direct financial support, governments also facilitate MSME growth by fostering partnerships between the public sector, financial institutions, and private stakeholders. These collaborations help design tailored programs that address MSMEs' specific needs, such as capacity building, access to finance, and technological integration. A coordinated policy approach ensures that MSMEs receive comprehensive support, enabling them to contribute meaningfully to employment generation and overall economic development (Setiawan et al., 2025).

The Relationship Between Research Variables

Access to Sharia-based microfinance, such as BSI Mitraguna, plays a pivotal role in supporting the growth of MSMEs by providing working capital, investment financing, and financial support tailored to the needs of small entrepreneurs. Beyond capital, this financing model often includes elements of customer engagement and financial advisory services that encourage more informed financial decision-making. Access to such financing enables MSMEs to expand their operations, enhance productivity, and improve overall business performance. Several studies support this relationship. Agustina and Kurniasari (2023) highlight that BSI's accessible financing models contribute significantly to MSME development. Hsb et al. (2024) also emphasize the role of Sharia microfinance in improving MSME capability and awareness regarding financial products.

H1: BSI Mitraguna financing influences MSME growth in Aceh.

Financial literacy is another critical component in ensuring that financing translates into sustainable business outcomes. When MSME actors possess adequate financial knowledge, they are better equipped to manage debt, assess risks, plan budgets, and make sound investment decisions. Sharia-based financing programs that are accompanied by educational initiatives often enhance borrowers' financial competence, enabling them to maximize the benefits of financing.

According to Sutrisno et al. (2023), educational exposure fosters key entrepreneurial skills, including financial management and planning. Emi and Sardin (2024) further note that financial education embedded in MSME support programs significantly improves financial behavior.

H2: BSI Mitraguna financing influences the financial literacy of MSME actors in Aceh. Financial literacy, in turn, has a direct impact on MSME growth. Entrepreneurs who understand financial principles are more likely to operate efficiently, manage cash flows effectively, and sustain long-term growth. Improved financial literacy also encourages innovation and resilience in facing

economic challenges. This argument is echoed by Darmansyah et al. (2021), who found that financial literacy enhances entrepreneurial decision-making. Additionally, Mariana et al. (2024) indicates that financially literate MSMEs exhibit better adaptability and business outcomes.
H3: Financial literacy influences MSME growth in Aceh.

Lastly, financial literacy is hypothesized to mediate the relationship between financing and growth. While financing provides the means, literacy determines how well those means are utilized. In this sense, BSI Mitraguna's effectiveness in fostering MSME development is partially dependent on the financial capabilities of the recipients. This mediating role is consistent with findings from Ruhayu and Maritim (2024), who argue that financial education enhances the impact of capital assistance. Kristanto (2021) also suggests that literacy serves as a bridge between access to finance and improved business behavior.
H4: Financial literacy mediates the relationship between BSI Mitraguna financing and MSME growth in Aceh. The conceptual framework below illustrates the hypothesized relationships among BSI Mitraguna financing, financial literacy, and MSME growth. It visually represents the proposed direct and indirect pathways investigated in this study.

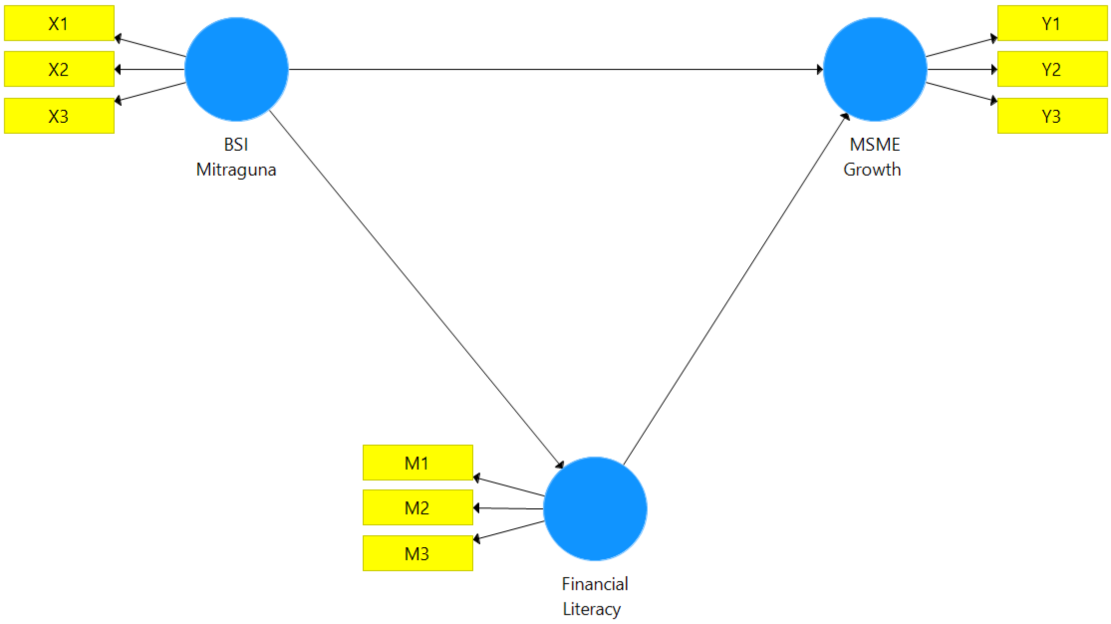

Figure 1. Conceptual Framework of the Relationship between FinTech Usage, Financial Inclusion, and Consumer Behavior

METHOD

This study uses a quantitative approach with an explanatory research design, aimed at analyzing the impact of BSI Mitraguna financing on the development of MSMEs in Aceh, with financial literacy as a mediating variable. The population in this study consists of all active users of BSI Mitraguna financing in the Aceh region from 2023 to 2024. The sample consists of 231 respondents, selected using purposive sampling based on the following criteria: (1) has been a BSI client since at least 2018, (2) uses the BSI Mitraguna financing product, and (3) is an active MSME entrepreneur operating the business until 2024.

Data were collected through the distribution of a closed-ended questionnaire via Google Form, which was sent directly to respondents via email or messaging applications. The survey was organized using a Likert scale ranging from 1 to 5, where respondents were asked to indicate their level of agreement with statements representing each variable indicator. In addition to primary data obtained from the questionnaire, this study also uses secondary data obtained from internal BSI reports, publications related to MSMEs in Aceh, and scholarly writing (Mariana et al., 2018).

The data analysis method used is Structural Equation Modeling - Partial Least Squares (SEM-PLS) with the assistance of SmartPLS 4 software. The investigation was conducted in two stages: (1) assessment of the measurement model (outer model), including convergent validity (AVE), reliability (composite reliability), and discriminant validity (HTMT); and (2) assessment of the structural model (inner model), including testing the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and path significance using the bootstrapping method. Moreover, mediation analysis was conducted to examine the extent to which financial literacy acts as a mediating variable within the relationship between BSI Mitraguna financing and MSME development (Hair et al., 2012, 2017, 2019; Leguina, 2015; Purwanto & Sudargini, 2021).

Table 1. Operational Definition of Variables

Variable	Sub-variables / Indicators	Measurement Scale
BSI Mitraguna (X)	- Ease of access to financing - Suitability of plafond and tenure - Alignment of financing with business needs	Likert scale (1–5)
Financial Literacy (M)	- Knowledge in managing business finances - Understanding of risks and financial products - Ability to develop financial planning	Likert scale (1–5)
MSME Growth (Y)	- Revenue growth - Increase in assets or capital - Market expansion or increase in customer base	Likert scale (1–5)

Source: Processed Data (2025)

RESULT AND DISCUSSION

Validity Test

Table 2. Validity Test

Variable	Indicator	Factor Loading Value	Description
BSI Mitraguna (X)	X1	0.996	Valid
	X2	0.989	Valid
	X3	0.988	Valid
Financial Literacy (M)	M1	0.987	Valid
	M2	0.985	Valid
	M3	0.988	Valid
MSME Growth (Y)	Y1	0.986	Valid
	Y2	0.996	Valid
	Y3	0.995	Valid

Source: Processed Data (2025)

The results of the validity test indicate that all indicators used to measure BSI Mitraguna (X), Financial Literacy (M), and MSME Growth (Y) are valid. All factor loading values exceed the recommended threshold of 0.70, confirming strong convergent validity. The indicators for BSI Mitraguna, Financial Literacy, and MSME Growth show very high loadings (above 0.98), indicating that each indicator strongly represents its respective construct. Therefore, all measurement items are considered valid and suitable for further analysis.

Reliability Test

Table 3. Reliability Test Results

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
BSI Mitraguna	0.991	0.991	0.994	0.982
Financial Literacy	0.986	0.986	0.991	0.973
MSME Growth	0.993	0.993	0.995	0.985

Source: Processed Data (2025)

The reliability test results demonstrate that all constructs meet the required thresholds for internal consistency. Cronbach's Alpha, rho_A, and Composite Reliability values for all variables exceed 0.70, while the Average Variance Extracted (AVE) values are above 0.50. These results confirm that all constructs have high reliability and adequate convergent validity. Overall, the measurement model is reliable and suitable for structural model analysis.

Evaluation of the Structural Model (Inner Model)

The structural model was evaluated to examine the relationships among the latent variables. The results indicate significant relationships among the variables. BSI Mitraguna has a positive effect on MSME Growth (β = 0.571), indicating that financing contributes to business development. In addition, BSI Mitraguna strongly influences Financial Literacy (β = 0.989), suggesting that the program enhances financial knowledge among MSME actors. Financial Literacy, in turn, has a positive effect on MSME Growth (β = 0.425), indicating that financial capability supports business performance. The R-square values indicate strong explanatory power. Financial Literacy has an R^2 of 0.978, while MSME Growth has an R^2 of 0.987, suggesting that the model explains a substantial proportion of variance in the dependent variables. However, these very high values may indicate potential sample homogeneity or common method bias, and therefore should be interpreted with caution. Overall, the results indicate that Financial Literacy partially mediates the relationship between BSI Mitraguna and MSME Growth, highlighting the importance of financial capability in strengthening the impact of financing on business performance.

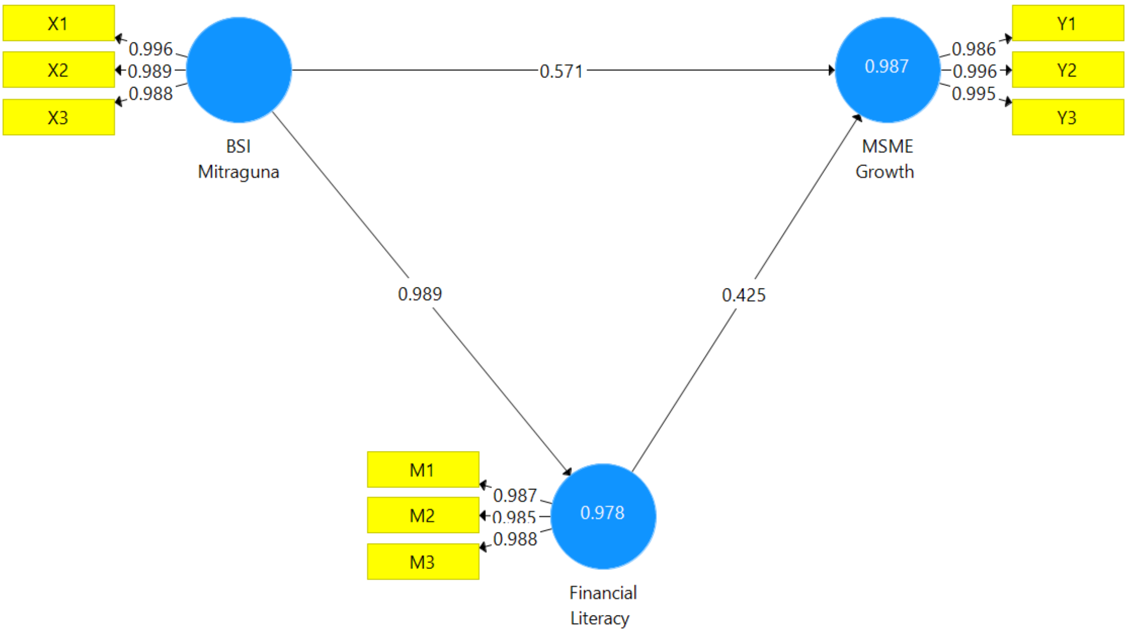

Figure 1. Bootstrapping Results of the Structural Model

Model Fit Test

Table 4. Model Fit Test

Fit Index	Saturated Model	Estimated Model	Threshold	Interpretation
SRMR	0.009	0.009	< 0.08	Good Fit
d_ULS	0.004	0.004	As low as possible	Excellent Fit
d_G	0.592	0.592	As low as possible	Good Fit
Chi-Square	555.688	555.688	—	Acceptable (less emphasized in PLS)
NFI	0.918	0.918	≥ 0.90	Good Fit

Source: Processed Data (2025)

The model fit results indicate that the structural model has an adequate fit. The SRMR value of 0.009 is well below the threshold of 0.08, indicating a good fit between the model and the observed data. The NFI value of 0.918 exceeds the recommended minimum of 0.90, suggesting that the model explains a substantial proportion of the covariance in the data. In addition, the d_ULS and d_G values are relatively low, further supporting the overall model fit. Although the Chi-square value is reported, it is not the primary indicator in PLS-SEM and is therefore interpreted with caution.

Overall, these results suggest that the model is acceptable for further analysis. However, given the consistently high fit values, the results should be interpreted carefully to avoid potential overestimation of model performance.

Hypothesis Testing

Table 5. Hypothesis Testing Results

Research Objective	Path	Path Coefficient	Interpretation
H1. To analyze the effect of BSI Mitraguna on MSME growth in Aceh.	BSI Mitraguna → MSME Growth	0.571	There is a strong and positive direct effect of BSI Mitraguna on MSME growth. The program significantly contributes to business development.
H2. To analyze the effect of BSI Mitraguna on financial literacy among MSME actors in Aceh.	BSI Mitraguna → Financial Literacy	0.989	The effect is very strong and positive, indicating that BSI Mitraguna plays a key role in improving financial literacy.
H3. To analyze the effect of financial literacy on MSME growth in Aceh.	Financial Literacy → MSME Growth	0.425	Financial literacy has a moderate and positive influence on MSME growth, showing its importance in business performance.
H4. To analyze the mediating role of financial literacy in the relationship between BSI Mitraguna and MSME growth.	Indirect: BSI Mitraguna → Financial Literacy → MSME Growth	0.420 (0.989 × 0.425)	Financial literacy partially mediates the effect of BSI Mitraguna on MSME growth. Both direct and indirect paths are significant.

Source: Processed Data (2025)

The results of hypothesis testing indicate that all proposed relationships are positive and significant. BSI Mitraguna has a direct positive effect on MSME Growth ($\beta = 0.571$), suggesting that financing contributes to business development. In addition, BSI Mitraguna has a strong positive effect on Financial Literacy ($\beta = 0.989$), indicating that financing programs enhance financial knowledge among MSME actors.

Furthermore, Financial Literacy has a positive effect on MSME Growth ($\beta = 0.425$), implying that improved financial capability supports business performance. The indirect effect of BSI Mitraguna on MSME Growth through Financial Literacy ($\beta = 0.420$) confirms that Financial Literacy acts as a partial mediator. These findings indicate that the influence of BSI Mitraguna on MSME Growth occurs both directly and indirectly through Financial Literacy.

DISCUSSION

BSI Mitraguna has a significant effect on the growth of MSMEs in Aceh

The findings of this study reveal that the BSI Mitraguna microfinance program has a significant influence on the growth of micro, small, and medium enterprises (MSMEs) in Aceh. The path coefficient of 0.571 indicates a strong and positive direct effect, suggesting that the availability of financial resources through this program substantially supports business development and sustainability among local MSMEs (Angeles et al., 2019; Fajri et al., 2025; Herlinawati et al., 2023; Iqbal & Subhan, 2022).

Sharia-compliant microfinance institutions can serve as effective tools in financing small-scale businesses. This aligns with the findings of this study, as structured access to capital—particularly through faith-based financial instruments such as those offered by BSI—can enable entrepreneurs to expand their operations and enhance competitiveness (Iqbal & Subhan, 2022). In regions like Aceh, where economic resilience heavily depends on the capacity of MSMEs, such access proves to be crucial for long-term business sustainability. Moreover, previous research findings indicate that MSMEs often struggle to access formal financial services due to their small size and lack of collateral, highlighting the relevance of specialized financial products such as BSI Mitraguna that are designed to meet their unique needs (Lwesya & Mwakalobo, 2023). This reinforces the notion that, beyond expanding financial inclusion, the design of microfinance programs must be contextual in order to be effective.

The role of financial access is also complemented by other factors such as financial literacy and administrative efficiency. Hussaini and Musa found that while financial access is important, its impact is often mediated by the entrepreneur's financial awareness and literacy levels (Hussaini & Musa, 2024). Similarly, Angeles et al. illustrated the mediating effect of microfinance programs, emphasizing that targeted financing enhances not only access to capital but also business performance (Angeles et al., 2019).

In the Indonesian context, where BSI operates, Kimaro underlines the role of microfinance institutions not only as funding sources but also as platforms for developing entrepreneurial skills (Kimaro, 2023). This finding supports the results of this study, suggesting that BSI Mitraguna contributes to economic resilience in Aceh not only through financial support but also through its role in capacity-building.

Taken together, these insights reinforce the academic consensus that structured microfinance programs like BSI Mitraguna can function as catalysts for sustainable MSME growth. By integrating financing with financial literacy and ethical, Sharia-compliant practices, such programs can significantly contribute to the economic empowerment of MSMEs (Angeles et al., 2019; Hussaini & Musa, 2024; Iqbal & Subhan, 2022; Kimaro, 2023)

BSI Mitraguna has a significant effect on the financial literacy of MSME actors in Aceh

The BSI Mitraguna program has a significant positive effect on financial literacy among Micro, Small, and Medium Enterprises (MSMEs), as reflected by a high path coefficient of 0.989. This suggests that the program not only provides financial assistance but also significantly enhances financial knowledge and awareness among recipients (Widyastuti et al., 2023). Financial literacy plays a critical role in improving MSME performance. Enhanced financial knowledge enables business actors to make informed decisions regarding financial management and resource allocation, leading to more effective operations and sustainability (Chalirafi et al., 2021; Widyastuti et al., 2023). The success of financial education also depends on how the material is delivered. Active engagement in financial learning has been shown to generate significant behavioral changes, which contribute to more rational and well-informed financial decision-making among MSME operators (Fauziyah & Sulastri, S, 2022). This aligns with the BSI Mitraguna program’s approach of providing not only theoretical knowledge but also practical financial skills.

There is a direct correlation between financial literacy and business performance. As understanding of financial concepts improves, so does the ability to manage business operations effectively, leading to enhanced profitability and long-term sustainability (Fajri et al., 2025; Mariana et al., 2025; Musthafa et al., 2023). Despite the evident benefits, several studies highlight limitations in the practical application of financial literacy. Various structural and educational barriers continue to hinder MSMEs from fully leveraging available financial resources, even when awareness is present. The gap between knowledge and real-world application remains a challenge (Alam et al., 2022). Structural issues within the financial sector further compound these challenges. Even with improved financial awareness, access to financing can remain limited due to systemic constraints, which underscores the fact that financial literacy alone is not sufficient to ensure business success (Prihastiwi et al., 2021).

In conclusion, BSI Mitraguna provides strong evidence of the positive link between financial literacy initiatives and improved business outcomes among MSMEs. However, the persistence of challenges in translating knowledge into practice suggests the need for broader systemic reforms. Strengthening financial education must be accompanied by efforts to dismantle structural barriers in the financial ecosystem to maximize the impact of such programs (Alam et al., 2022; Fauziyah & Sulastri, S, 2022; Musthafa et al., 2023; Prihastiwi et al., 2021; Widyastuti et al., 2023).

Financial literacy has a significant effect on the growth of MSMEs in Aceh.

Financial literacy has a positive and direct impact on MSME development, as shown by a path coefficient of 0.425. This finding highlights the critical role of financial education in enabling informed decision-making that supports sustainable business improvement. A substantial body of research supports the positive relationship between financial literacy and the development of micro, small, and medium enterprises. Financial education equips business actors with essential skills to interpret financial information, evaluate risks, and allocate resources efficiently, thus promoting long-term growth.

One study outlines the connection between financial literacy and access to finance, showing that enhanced knowledge enables a deeper understanding of financial products and improves access to funding opportunities (Saksonova & Papiashvili, 2021). The study confirms that financial literacy is a significant determinant of business development. Financial management capabilities also contribute substantially to MSME performance. Firms with higher financial literacy are better equipped to overcome operational challenges and seize market opportunities, thereby improving competitiveness and expansion prospects (Puspitasari & Astrini, 2022).

Another perspective emphasizes the combined effect of financial literacy and financial inclusion. Enhanced literacy improves the ability to identify opportunities and manage potential risks effectively, allowing businesses to make strategic decisions that support resilience and growth (Gunawan et al., 2023). However, some findings present a more nuanced view. A study highlights that financial literacy alone may not lead to substantial performance improvement without access to broader financial services and inclusive market systems (Alam et al., 2022). This indicates that financial education must be integrated with efforts to strengthen the surrounding financial ecosystem. Additional insight reveals that the effectiveness of financial literacy programs may vary depending on regional and contextual factors. The influence of financial knowledge can fluctuate across different environments, suggesting that external conditions also play a key role in shaping business outcomes (Hilmawati & Kusumaningtias, 2021).

In conclusion, financial literacy is consistently shown to be a vital factor contributing to MSME growth, particularly through its impact on decision-making and financial management. Nevertheless, its overall effectiveness depends on the presence of inclusive and supportive financial infrastructures and enabling socio-economic contexts (Alam et al., 2022; Gunawan et al., 2023; Hilmawati & Kusumaningtias, 2021; Puspitasari & Astrini, 2022; Saksonova & Papiashvili, 2021).

Financial literacy significantly mediates the effect of BSI Mitraguna on the growth of MSMEs in Aceh

The observation that financial literacy partially mediates the relationship between the BSI Mitraguna initiative and MSME growth is supported by an indirect effect of 0.420 alongside a direct effect of 0.571. This indicates that the initiative's influence is amplified when MSMEs develop stronger financial capabilities, consistent with research highlighting the pivotal role of financial literacy in fostering business growth. Financial literacy is essential for effective financial management in MSMEs. Improved financial knowledge empowers entrepreneurs to develop sound strategies and navigate financial challenges, thereby contributing to sustained growth (Dwyanti, 2024). Empirical evidence further supports the mediating role of financial literacy between financial knowledge and MSME development, reinforcing the notion that increased financial awareness is instrumental in driving business success (Marissa & Fitriyah, 2023). In competitive business environments, financial literacy significantly influences performance and long-term sustainability. Managers with a stronger grasp of financial principles are more adept at making informed decisions that foster growth, aligning with the aims of initiatives such as BSI Mitraguna, which combine financial support with skill development (Rifai et al., 2021). The long-term viability of MSMEs also depends on the financial competencies of stakeholders. A deep understanding of financial concepts is essential for ensuring continuity and resilience in a dynamic market, highlighting the importance of financial education as part of broader MSME development strategies (Nani & Marhaeni, 2022).

Nevertheless, the effectiveness of financial literacy as a mediating factor may be influenced by external variables. One study suggests that while financial literacy positively impacts MSME performance, the strength of this relationship can vary depending on contextual conditions and the level of institutional support available (Kaban & Safitry, 2020). This points to the importance of creating an enabling environment that complements educational interventions.

In some cases, access to finance may constrain the effectiveness of financial literacy initiatives. Limited access can weaken the relationship between financial knowledge and business sustainability, suggesting that financial literacy alone is insufficient without systemic support mechanisms (Zaniarti et al., 2022). This highlights the need for comprehensive approaches that integrate financial education with improved financial infrastructure and services. The evidence strongly supports the proposition that financial literacy partially mediates the relationship between BSI Mitraguna initiatives and MSME growth. However, this mediation effect is not absolute and may depend on a range of external factors, including financial access, institutional support, and broader economic conditions.

Overall, the findings of this study indicate that BSI Mitraguna financing plays a significant role in supporting MSME growth, both directly and indirectly through financial literacy. These findings emphasize that access to financing alone is not sufficient, but must be supported by adequate financial capability to maximize business performance. This study offers novelty by integrating Islamic financing and financial literacy within a single analytical framework and by explicitly examining the mediating role of financial literacy. Unlike previous studies that analyze these variables separately, this research provides a more comprehensive explanation of how financing contributes to MSME growth, particularly in the context of Islamic financial institutions. This study contributes to the literature by strengthening the relationship between financial inclusion and financial capability in explaining MSME development. From a practical perspective, the findings suggest that financial institutions should integrate financing programs with financial literacy initiatives to enhance effectiveness. From a policy perspective, the results highlight the importance of designing inclusive financial systems that combine access to capital with capacity building for MSME actors.

However, this study has several limitations. First, the sample is limited to MSMEs in Aceh, which may restrict generalizability. Second, the use of cross-sectional data limits the ability to capture long-term effects. Third, the high statistical values observed may indicate potential sample homogeneity or common method bias. Future research is recommended to include additional variables such as digital financial literacy, entrepreneurial capability, or technological adoption. Expanding the study to other regions and using longitudinal data would provide a more comprehensive understanding of MSME development.

CONCLUSION

This study concludes that the BSI Mitraguna microfinance program has a significant positive impact on the growth of MSMEs in Aceh. The program provides more than just financial capital; it delivers meaningful support that stimulates business development and empowers entrepreneurs to expand their operations. In addition to its financial role, BSI Mitraguna also contributes substantially to improving the financial literacy of MSME actors. This reflects the program's dual function not only as a financing tool but also as a catalyst for building knowledge and financial management skills among small business owners. The research also finds that financial literacy itself plays a crucial role in promoting MSME growth. Entrepreneurs who are financially literate tend to make better business decisions, manage risks more effectively, and sustain their enterprises over time. Furthermore, the study highlights that financial literacy serves as a mediating factor in the relationship between BSI Mitraguna and MSME growth. This suggests that the positive effects of the financing program are amplified when MSME actors possess adequate financial knowledge. Overall, the findings affirm that microfinance initiatives like BSI Mitraguna are most effective when they are integrated with financial education efforts tailored to the specific needs of local MSMEs. Such a holistic approach enhances both the immediate and long-term success of entrepreneurial ventures in the region.

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