

Empowering Green Innovation: The Intersection of Environmental Sustainability, Fintech Adoption, and Financial Literacy

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Abstract

This study explores the relationship between fintech adoption and financial literacy on corporate sustainability performance, as well as the impact of corporate sustainability performance on green innovation in Micro, Small, and Medium Enterprises (MSMEs). The study examines how financial technology can help companies address environmental issues through the lens of Ecological Modernization Theory (EMT). On the other hand, it investigates the role of financial literacy in encouraging companies to become more environmentally conscious and improve their sustainability performance through the Resource-Based View (RBV) framework. The analysis was conducted using the SEM-PLS method with 94 MSMEs respondents in the Sleman region, Indonesia. The results indicate that fintech adoption and financial literacy have a positive effect on the sustainability performance of MSMEs. Furthermore, the study reveals that the sustainability performance of MSMEs positively influences green innovation.

Keywords

Fintech adoption, financial literacy, corporate sustainability performance, green innovation.