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Determinants of financial recording behavior in MSMEs: The role of digital accounting literacy, self-efficacy, mental accounting, and financial discipline

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ABSTRACT

This research investigates why MSME owners differ in their willingness to maintain systematic financial records. Using a behavioral accounting perspective, the study links digital accounting literacy, self-efficacy, mental accounting, and financial discipline to financial recording behavior. Data were obtained from 212 MSME owners and managers and processed using Partial Least Squares Structural Equation Modeling. The findings show that digital accounting literacy, self-efficacy, and mental accounting strengthen financial discipline and directly improve financial recording behavior. Financial discipline also becomes the strongest predictor of recording behavior and mediates the effects of the three antecedent variables. The model explains 58.7% of financial discipline and 68.4% of financial recording behavior. These results suggest that MSME bookkeeping practice depends not only on accounting knowledge or digital tools, but also on confidence, money separation habits, and repeated financial routines.

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1. INTRODUCTION

Financial records are often the weakest part of MSME management. Many small business owners are able to sell products, serve customers, and manage daily operations, but they do not always record transactions in a consistent and verifiable manner. This condition limits their ability to calculate profit, control costs, monitor cash flow, and prepare information required for financing decisions. Recent studies indicate that accounting information systems and structured financial information can improve transparency, data accuracy, and managerial decision-making in MSMEs (Maryanti et al., 2026).

The issue is not solely technical. Some MSME owners already know that sales, expenses, and cash flows should be recorded, yet they still depend on memory, informal notes, or irregular bookkeeping. Such behavior may occur because owners perceive accounting as difficult, lack confidence, mix household and business cash, or do not have disciplined recording habits. For this reason, financial recording behavior needs to be viewed as part of behavioral accounting, where accounting practice is shaped by knowledge, belief, cognition, and routine (Khusaini & Anwar, 2024; Radianto, Efrata, et al., 2022).

Digitalization provides new possibilities for improving MSME accounting practice. Mobile banking, digital payments, spreadsheets, point-of-sale systems, and bookkeeping applications

make transaction recording faster and more accessible. However, digital tools only become useful when owners have sufficient digital accounting literacy. In this study, digital accounting literacy refers to the ability to understand basic accounting information and apply digital tools to record, store, process, and interpret financial data. Such capability may appear in simple practices, such as saving digital receipts, using spreadsheet templates, recording daily sales through mobile applications, and reviewing income-expense summaries (Harmadji & Sunardi, 2023; Lopung & Rulindo, 2023; Maryanti et al., 2026; Sampaio et al., 2025).

Access to digital tools alone does not guarantee disciplined bookkeeping. MSME owners may have accounting applications but still avoid using them when they are not confident or when financial routines are not established. Self-efficacy is therefore relevant because it reflects the owner's belief in his or her ability to perform financial tasks, solve financial problems, operate recording tools, and make decisions based on financial information. Owners with stronger financial self-efficacy are more likely to continue recording activities and overcome the psychological barriers associated with accounting tasks (Asmin et al., 2021; A. Hidayat, 2024; Liu et al., 2021; Radianto, Salim, et al., 2022).

Another behavioral factor is mental accounting. In MSMEs, mental accounting can be observed when owners separate money for working capital, profit, operating expenses, emergency funds, tax obligations, and personal withdrawals. This categorization may improve financial control because each cash flow has a clearer purpose. Although mental accounting can create bias when money is treated inconsistently, it can also serve as a simple internal control mechanism when it helps owners distinguish business resources from household needs and encourages formal financial records (Barek & Meykel, 2025; Radianto, Salim, et al., 2022; Silva et al., 2023).

Financial discipline is placed as the mediating variable in this study rather than merely an independent variable because it represents the behavioral process through which knowledge, confidence, and money categorization are transformed into consistent recording practices. Digital accounting literacy may provide technical capability, self-efficacy may provide confidence, and mental accounting may provide a cognitive structure for separating funds, but these factors need disciplined routines before they can become actual bookkeeping behavior. Therefore, financial discipline is positioned as the mechanism that explains how the antecedent variables influence financial recording behavior. Digital accounting literacy, self-efficacy, and mental accounting may not directly produce systematic recording unless they are translated into repeated actions, such as daily transaction entry, receipt storage, periodic cash review, and controlled use of business funds. Financial discipline represents this behavioral bridge, converting capability, confidence, and money categorization into actual accounting practice (Kaiser et al., 2022; Khusaini & Anwar, 2024; Radianto, Salim, et al., 2022; Selvi et al., 2024).

Although previous studies have discussed digital accounting, financial literacy, self-efficacy, and mental accounting, these variables are often examined separately or linked to general financial performance. Limited attention has been given to financial recording behavior as a specific accounting outcome in MSMEs. This distinction is important because financial performance refers to business outcomes such as profit, sales growth, efficiency, or sustainability, whereas financial recording behavior refers to the owner's routine in documenting transactions, preparing summaries, and using records for decisions. In other words, financial recording behavior is an accounting process that precedes reliable performance evaluation. By focusing on recording behavior, this study examines how MSMEs produce credible financial information before such information is used to assess business performance. This study addresses that gap by integrating digital accounting literacy, self-efficacy, mental accounting, and financial discipline in one behavioral accounting model. Accordingly, this research aims to examine the direct and indirect effects of digital accounting literacy, self-efficacy, and mental accounting on MSME financial recording behavior through financial discipline (Harmadji & Sunardi, 2023; Maryanti et al., 2026; Mediaty et al., 2025; Sampaio et al., 2025; Silva et al., 2023).

2. RESEARCH METHOD

This research applies a quantitative explanatory design because the objective is to test relationships among latent variables rather than merely describe MSME recording practices. The

model includes digital accounting literacy, self-efficacy, mental accounting, financial discipline, and financial recording behavior. The use of a structural model is appropriate because the study examines both direct effects and mediation effects among these constructs (Sarstedt et al., 2022a, 2022b). The respondents were MSME owners and managers who directly handled financial decisions. They were selected because, in most MSMEs, the same person who manages sales, purchases, cash receipts, and cash payments is also responsible for recording financial transactions. The study only included businesses that had operated for at least one year, so respondents had sufficient experience with recurring transactions, cash movement, and basic recording needs (Maryanti et al., 2026; Mediaty et al., 2025).

Purposive sampling was applied using four criteria. The most relevant MSME characteristics for representing financial record-keeping behavior in this study are business age, recurring transaction activity, and recording method. Business age reflects the owner's exposure to repeated financial events, recurring transactions indicate the need for regular documentation, and recording method shows whether the business relies on manual books, spreadsheets, mobile bookkeeping applications, or has no regular records. These characteristics are directly related to the formation of financial recording habits because they describe the owner's experience, transaction intensity, and practical approach to documenting financial activities.

Respondents had to be the owner or main manager of an MSME, the business had to operate for at least twelve months, the business had to conduct recurring sales or purchase transactions, and the respondent had to have experience with manual or digital transaction recording. A total of 212 responses met these criteria and were processed further. This sample size was considered adequate for PLS-SEM because the model contains multiple constructs and mediation paths, while a sample above 200 helps improve estimate stability in survey-based structural analysis (Hair et al., 2022; Hargiyanto et al., 2025; Lopung & Rulindo, 2023; Sarstedt et al., 2022a). Data were gathered through a structured questionnaire. The first section recorded respondent and business characteristics, including gender, age, education, business sector, business age, number of employees, turnover category, and recording method. The second section measured the research variables using a five-point Likert scale, ranging from strongly disagree to strongly agree. This format was used to obtain comparable responses across MSME owners with different business backgrounds (T. Hidayat et al., 2023; Khusaini & Anwar, 2024).

Digital accounting literacy was measured by the respondent's ability to record transactions with digital media, understand digital income-expense summaries, store transaction evidence, use spreadsheets or accounting applications, and interpret basic profit or cash-flow information. Self-efficacy was measured by confidence in recording transactions, understanding simple reports, using recording applications, correcting errors, and making decisions based on records. Among these indicators, confidence in recording transactions regularly and confidence in understanding simple financial reports are the most representative indicators of self-efficacy in MSME financial management. These two indicators capture the owner's perceived ability to perform the core financial tasks required in small business operations. Meanwhile, confidence in using applications, correcting recording errors, and making decisions based on records reflects the owner's ability to persist when facing technical or procedural difficulties. These measurements follow recent studies on digital accounting, accounting information systems, MSME digitalization, financial self-efficacy, and financial behavior (Harmadji & Sunardi, 2023; Liu et al., 2021; Maryanti et al., 2026; Radianto, Salim, et al., 2022).

Mental accounting was measured by the owner's habit of separating personal and business money, distinguishing capital from profit, allocating operational funds, preparing reserves, and avoiding unrecorded personal withdrawals. Financial discipline was measured through regular transaction entry, receipt storage, cash-flow review, expense control, simple budgeting, and limits on personal use of business cash. Financial recording behavior was measured by the consistency and usefulness of recording sales, expenses, transaction summaries, profit or loss, receivables, payables, and business decisions (Barek & Meykel, 2025; Kaiser et al., 2022; Maryanti et al., 2026; Mediaty et al., 2025; Selvi et al., 2024; Silva et al., 2023).

The hypotheses tested in this study are as follows: digital accounting literacy, self-efficacy, and mental accounting are expected to affect financial discipline and financial recording behavior;

financial discipline is expected to affect financial recording behavior; and financial discipline is expected to mediate the effects of digital accounting literacy, self-efficacy, and mental accounting on financial recording behavior. These hypotheses reflect the assumption that accounting behavior in MSMEs is formed through the interaction of digital capability, personal confidence, money categorization, and disciplined routines (Hair et al., 2022; Radianto, Salim, et al., 2022).

SmartPLS was used to analyze the data. The assessment began with the measurement model, including indicator loading, Cronbach's alpha, composite reliability, Average Variance Extracted, and the Heterotrait-Monotrait ratio. The structural model was then examined using path coefficients, t-statistics, p-values, R-square, effect size, predictive relevance, and indirect effects through bootstrapping with 5,000 resamples. The acceptance criteria used in this study followed common PLS-SEM guidelines: loading above 0.70, composite reliability above 0.70, AVE above 0.50, and HTMT below 0.90 (Hair et al., 2022; Henseler, 2021; Sarstedt et al., 2022b). Several steps were taken to reduce common method bias. The questionnaire used neutral wording, items were arranged to minimize repetitive response patterns, and respondents were informed that the data would be used only for academic purposes. Because all variables were collected from the same respondents, collinearity assessment using variance inflation factor values may also be used as an additional diagnostic procedure (Kock, 2021; Sharma et al., 2021).

3. RESULTS AND DISCUSSION

Of the 230 questionnaires distributed to MSME owners and managers, 212 were returned and considered usable for analysis. The response rate of 92.17% indicates that the collected data were sufficient for further statistical analysis. The respondents represented various business sectors, including trade, services, culinary businesses, and small-scale manufacturing. This diversity is important because MSME financial recording behavior may differ depending on business characteristics, transaction intensity, and the complexity of daily financial activities (Maryanti et al., 2026; Mediaty et al., 2025).

Table 1. Respondent characteristics

Characteristic	Category	Frequency	Percentage
Gender	Male	94	44.34%
	Female	118	55.66%
Age	< 25 years	21	9.91%
	25-34 years	76	35.85%
	34-44 years	68	32.08%
	>44 years	47	22.17%
Business Sector	Trade	71	33.49%
	Culinary	58	27.36%
	Services	53	25.00%
	Manufacturing	30	14.15%
Business Age	1-3 years	69	32.55%
	4-6 years	83	39.15%
	>6 years	60	28.30%
Recording Method	Manual Book	78	36.79%
	Spreadsheet	56	26.42%
	Mobile bookkeeping application	61	28.77%
	No regular recording	17	8.02%

The respondent profile shows that most MSME actors already have business experience of more than three years, indicating that they are familiar with recurring transactions, cash inflows, expenses, and basic financial decision-making. However, the use of financial recording methods remains varied. A considerable proportion still relies on manual recording, while others have started using spreadsheets and mobile bookkeeping applications. This pattern indicates that MSME financial recording practices are still in a transitional stage, moving from conventional recording toward simple digital-based recording. The presence of respondents who still have no regular recording also shows that financial recording has not yet become a consistent managerial routine for all MSME actors. This condition supports the relevance of examining digital accounting literacy and behavioral factors in explaining financial recording behavior among MSMEs, because effective recording depends not only on the availability of recording tools but also on the owner's

ability, confidence, and discipline in using them consistently (Hargiyanto et al., 2025; Harmadji & Sunardi, 2023). The dominance of respondents with manual books, spreadsheets, and mobile bookkeeping applications indicates that MSME financial recording practices are in a transitional stage. Most respondents have not fully moved into integrated digital accounting systems, but they have begun to use simple recording tools according to their business capacity. This condition strengthens the relevance of digital accounting literacy as a key variable, because the effectiveness of financial recording does not only depend on the availability of digital tools but also on the owner's ability to use them consistently, classify transactions properly, and transform daily business activities into reliable financial information.

Table 2. Descriptive statistics of research variables

Variable	Code	Mean	Standard Deviation	Minimum	Maximum
Digital Accounting Literacy	DAL	3.87	0.641	2.10	5.00
Self-Efficacy	SE	3.92	0.598	2.20	5.00
Mental Accounting	MA	3.76	0.674	2.0	5.00
Financial Discipline	FD	3.69	0.713	1.90	5.00
Financial Recording Behavior	FRB	3.71	0.702	2.00	5.00

The descriptive statistics indicate that respondents generally have moderate to high perceptions of digital accounting literacy, self-efficacy, mental accounting, financial discipline, and financial recording behavior. Self-efficacy has the highest mean value, suggesting that most respondents believe they are capable of managing basic financial tasks. However, financial discipline has a lower mean than self-efficacy and digital accounting literacy, indicating that confidence and knowledge do not always translate directly into consistent financial routines (Khusaini & Anwar, 2024; Liu et al., 2021).

Measurement Model Evaluation

The first stage of analysis focused on the adequacy of the indicators and constructs. As shown in Table 3, all indicators reached loading values above 0.70, while Cronbach's alpha, composite reliability, and AVE met the recommended minimum values. These results indicate that the constructs were measured with acceptable internal consistency and convergent validity (Hair et al., 2022; Sarstedt et al., 2022a).

Table 3. Outer loading, reliability, and convergent validity

Construct	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Digital Accounting Literacy	DAL_1	0.781	0.864	0.902	0.649
	DAL_2	0.823			
	DAL_3	0.812			
	DAL_4	0.795			
	DAL_5	0.815			
Self-Efficacy	SE_1	0.774	0.851	0.893	0.625
	SE_2	0.801			
	SE_3	0.789			
	SE_4	0.822			
	SE_5	0.766			
Mental Accounting	MA_1	0.752	0.838	0.883	0.602
	MA_2	0.781			
	MA_3	0.764			
	MA_4	0.793			
	MA_5	0.787			
Financial Discipline	FD_1	0.801	0.872	0.908	0.664
	FD_2	0.834			
	FD_3	0.807			
	FD_4	0.819			
	FD_5	0.812			
Financial Recording Behavior	FRB_1	0.822	0.881	0.914	0.681
	FRB_2	0.851			
	FRB_3	0.809			
	FRB_4	0.837			
	FRB_5	0.805			

The reliability and validity results show that the research instrument is statistically acceptable. Digital accounting literacy, self-efficacy, mental accounting, financial discipline, and financial recording behavior are measured consistently by their respective indicators. The AVE values above 0.50 also confirm that each construct explains more than half of the variance of its indicators, supporting convergent validity (Hair et al., 2022; Henseler, 2021). Discriminant validity was assessed using the Heterotrait-Monotrait ratio. The HTMT values for all construct pairs are below 0.90, indicating that each construct is empirically distinct from the others. This is important because the variables in this study are conceptually related but theoretically different. For example, digital accounting literacy refers to capability, while financial discipline refers to consistency in financial routines (Henseler, 2021; Sarstedt et al., 2022b).

Table 4. Discriminant validity using HTMT criterion

Construct	DAL	SE	MA	FD	FRB
DAL	-				
SE	0.642	-			
MA	0.587	0.611	-		
FD	0.693	0.676	0.655	-	
FRB	0.714	0.681	0.638	0.742	-

The HTMT values in Table 4 are all below 0.90, suggesting that the constructs do not overlap excessively. The highest value appears between financial discipline and financial recording behavior, which is reasonable because both relate to financial routines. However, the value remains within the accepted threshold, indicating that financial discipline represents consistency in financial management, while financial recording behavior represents the documentation of transactions (Hair et al., 2022; Henseler, 2021).

Structural Model Evaluation

The structural model was evaluated using coefficient of determination, predictive relevance, and effect size. The R-square value for financial discipline is 0.587, indicating that digital accounting literacy, self-efficacy, and mental accounting explain 58.7% of the variance in financial discipline. The R-square value for financial recording behavior is 0.684, indicating that the model explains 68.4% of the variance in MSME financial recording behavior (Hair et al., 2022; Sarstedt et al., 2022a).

Table 5. Coefficient of determination and predictive relevance

Endogenous Variable	R^2	Adjust R^2	Q^2	Interpretation
Financial Discipline	0.587	0.581	0.361	Moderate predictive relevance
Financial Recording Behavior	0.684	0.678	0.427	Strong predictive relevance

The R-square values indicate that the proposed model has adequate explanatory power. The Q-square values are greater than zero, showing that the model has predictive relevance. These results support the argument that financial recording behavior in MSMEs is not only influenced by technical accounting capability but also by psychological, cognitive, and disciplinary factors (Maryanti et al., 2026; Radianto, Salim, et al., 2022).

Table 6. Effect size

Path	F^2	Interpretation
DAL → FD	0.108	Small to Medium
SE → FD	0.092	Small
MA → FD	0.081	Small
FD → FRB	0.176	Medium
DAL → FRB	0.089	Small
SE → FRB	0.063	Small
MA → FRB	0.052	Small

The effect size results show that financial discipline has the strongest effect on financial recording behavior. This finding supports the idea that consistent financial routines are central to systematic accounting practice. Although the direct effects of digital accounting literacy, self-

efficacy, and mental accounting are smaller, they remain meaningful because these variables also influence financial recording behavior indirectly through financial discipline (Kaiser et al., 2022; Khusaini & Anwar, 2024).

Hypothesis Testing

Hypothesis testing was conducted using a bootstrapping procedure with 5,000 resamples. The critical value used in this study was 1.972 for a two-tailed test at the 5% significance level.

Table 7. Direct effect hypothesis testing

Hypothesis	Path	Original Sample	t-statistic	t-table	p-value	Decision
H_1	DAL → FD	0.331	5.214	1.972	p < 0.001	Supported
H_2	SE → FD	0.286	4.603	1.972	p < 0.001	Supported
H_3	MA → FD	0.241	3.927	1.972	p < 0.001	Supported
H_4	FD → FRB	0.386	6.118	1.972	p < 0.001	Supported
H_5	DAL → FRB	0.248	4.172	1.972	p < 0.001	Supported
H_6	SE → FRB	0.194	3.309	1.972	0.001	Supported
H_7	MA → FRB	0.167	2.841	1.972	0.005	Supported

Table 7 reports the direct path estimates obtained from the bootstrapping procedure with 5,000 resamples. The critical value was 1.972 for a two-tailed test at the 5% level. Since all t-statistics exceed the critical value and all p-values are below 0.05, H1 to H7 are accepted (Hair et al., 2022; Sarstedt et al., 2022b). Digital accounting literacy has a positive effect on financial discipline (β = 0.331; t = 5.214; p < 0.001), indicating that MSME owners with stronger digital accounting capability tend to show more disciplined financial routines. Self-efficacy also has a positive effect on financial discipline (β = 0.286; t = 4.603; p < 0.001), suggesting that confidence in managing financial tasks helps owners maintain consistency in recording and monitoring cash flow. Mental accounting positively affects financial discipline (β = 0.241; t = 3.927; p < 0.001), showing that the habit of separating business and personal funds contributes to better financial control. These findings are consistent with previous studies indicating that digital accounting capability, financial confidence, and money categorization support more structured financial management behavior (Harmadji & Sunardi, 2023; Radianto, Salim, et al., 2022; Silva et al., 2023).

Financial discipline has the strongest direct effect on financial recording behavior (β = 0.386; t = 6.118; p < 0.001). This result indicates that systematic recording is closely related to repeated routines rather than awareness alone. Digital accounting literacy (β = 0.248; t = 4.172; p < 0.001), self-efficacy (β = 0.194; t = 3.309; p = 0.001), and mental accounting (β = 0.167; t = 2.841; p = 0.005) also have positive effects on financial recording behavior. In practical terms, MSME owners who are digitally literate, confident in handling financial tasks, and able to separate business and personal funds tend to face fewer barriers in converting daily transactions into written or electronic records (Kaiser et al., 2022; Maryanti et al., 2026; Sampaio et al., 2025).

Mediation Testing

Table 8 presents the indirect effects of digital accounting literacy, self-efficacy, and mental accounting on financial recording behavior through financial discipline. All indirect paths are statistically significant, indicating that financial discipline acts as a mediating mechanism in the model (Hair et al., 2022; Sarstedt et al., 2022a).

Table 8. Indirect effect / mediation testing

Hypothesis	Indirect Path	Original Sample	t-statistics	t-table	p-value	Decision
H_8	DAL → FD → FRB	0.128	4.006	1.972	< 0.001	Supported
H_9	SE → FD → FRB	0.110	3.724	1.972	< 0.001	Supported
H_{10}	MA → FD → FRB	0.093	3.116	1.972	0.002	Supported

The significant mediation results imply that MSME assistance programs should not focus only on transferring accounting knowledge or introducing digital applications. Assistance should be designed to strengthen disciplined routines that connect knowledge with practice. For example, mentoring programs may include daily sales recording, systematic receipt storage, weekly cash-flow review, separation between business and personal funds, and monthly profit calculation. Such routine-based assistance is important because the findings show that digital literacy, confidence,

and mental separation of funds become more effective when they are converted into disciplined financial behavior.

The mediation results show that financial discipline serves as a behavioral mechanism that connects digital accounting literacy, self-efficacy, and mental accounting with financial recording behavior. The indirect effect of digital accounting literacy through financial discipline indicates that digital knowledge becomes more effective when it is translated into regular financial routines. Therefore, MSME digital accounting training should emphasize daily practice, not merely application introduction (Maryanti et al., 2026; Mediaty et al., 2025). The indirect effect of self-efficacy through financial discipline indicates that confidence alone is not sufficient to improve financial recording behavior. MSME owners must convert their confidence into disciplined actions such as recording transactions, reviewing cash flow, and preparing simple reports. This result strengthens the behavioral accounting perspective that psychological factors influence accounting behavior through repeated routines (Khusaini & Anwar, 2024; Radianto, Salim, et al., 2022).

The indirect effect of mental accounting through financial discipline indicates that the habit of separating and categorizing money becomes more useful when supported by disciplined financial practices. Mental separation between personal and business funds may encourage better financial control, but it produces stronger accounting behavior when followed by formal recording and regular evaluation. This finding links behavioral finance and accounting practice by showing that cognitive categorization becomes valuable when institutionalized into financial routines (Barek & Meykel, 2025; Silva et al., 2023). Overall, the results demonstrate that MSME financial recording behavior is influenced by technical, psychological, cognitive, and behavioral factors. Digital accounting literacy provides the technical capability, self-efficacy provides psychological confidence, mental accounting provides cognitive categorization, and financial discipline provides behavioral consistency. The integration of these factors produces a more comprehensive explanation of why MSME owners adopt or neglect systematic financial recording practices (Harmadji & Sunardi, 2023; Sampaio et al., 2025).

The theoretical contribution of this study is the development of a behavioral accounting model for MSMEs. The study extends digital accounting literature by showing that digital accounting literacy should be connected to behavioral mechanisms. It also extends financial behavior literature by applying self-efficacy and mental accounting to a specific accounting outcome, namely financial recording behavior. Furthermore, by positioning financial discipline as a mediator, this study explains the process through which knowledge and cognition become accounting practice (Radianto, Salim, et al., 2022; Silva et al., 2023). The practical implication is that MSME empowerment programs should be redesigned. Many training programs focus mainly on explaining accounting concepts or introducing applications. However, this study suggests that training should also build confidence, encourage separation of personal and business funds, and create disciplined recording habits. Universities, local governments, and financial institutions can design simple modules that combine digital accounting practice, case-based exercises, financial routine checklists, and mentoring (Kaiser et al., 2022; Mediaty et al., 2025).

The findings also have implications for digital accounting application developers. Applications for MSMEs should not be designed only for formal accounting users but also for business owners with limited accounting backgrounds. Features such as simple transaction categories, daily reminders, automatic summaries, receipt storage, cash flow alerts, and profit visualization may help users develop discipline. In this sense, technology should support behavioral change, not only data processing (Hargiyanto et al., 2025; Sampaio et al., 2025). For policymakers, the study suggests that MSME financial inclusion programs should include financial recording behavior as a key indicator. Access to financing may improve when MSMEs can provide basic financial records. Therefore, digital accounting literacy and financial discipline should be integrated into MSME assistance programs, credit preparation training, and entrepreneurship development. Better recording practices can help MSMEs calculate profit, estimate repayment capacity, and present more credible financial information to banks or funding institutions (Maryanti et al., 2026; Purnomo et al., 2024; Selvi et al., 2024). For financial institutions, financial recording behavior can be used as an additional indicator of MSME financing readiness. MSMEs with consistent records are more likely to provide reliable information about cash flow, sales, expenses,

profit, and repayment capacity. Therefore, banks and financing institutions may integrate simple record-keeping assessment into credit preparation or business feasibility programs, so that MSMEs are not evaluated only based on collateral, business age, or turnover, but also on the reliability of their financial information.

4. CONCLUSION

This study confirms that MSME financial recording behavior is influenced by digital accounting literacy, self-efficacy, mental accounting, and financial discipline. The results show that digital accounting literacy, self-efficacy, and mental accounting improve financial discipline and also directly support financial recording behavior. Financial discipline is the strongest predictor of financial recording behavior and serves as a significant mediator in the model. These findings indicate that systematic financial recording among MSMEs is not determined only by access to accounting knowledge or digital tools, but also by the owner's confidence, ability to separate business and personal money, and consistency in applying financial routines (Maryanti et al., 2026; Radianto, Salim, et al., 2022). Theoretically, this study contributes to behavioral accounting literature by positioning financial recording as a behavioral accounting outcome in the MSME context. The model shows that digital accounting capability does not stand alone, but works together with psychological and cognitive factors in shaping accounting practice. By placing financial discipline as a mediating variable, this study explains how knowledge, confidence, and money categorization are converted into actual recording behavior. This provides a more specific explanation than studies that only link digitalization or financial literacy to general MSME performance (Sampaio et al., 2025; Silva et al., 2023).

Practically, the findings suggest that MSME assistance programs should move beyond one-time training on bookkeeping concepts or application use. Training should be designed as continuous mentoring that helps owners build simple and repeatable routines, such as recording daily sales, storing receipts, reviewing weekly cash flow, separating business and personal funds, and calculating monthly profit. Such an approach is more relevant for MSMEs because many owners need not only technical knowledge, but also confidence and discipline to maintain financial records consistently. This study has several limitations. First, the data were collected through a cross-sectional survey, so the findings cannot fully explain changes in financial recording behavior over time. Second, the data were based on self-reported responses, which may contain subjective bias. Third, the study focused on MSME owners and managers who had at least minimal recording experience, so the results may not fully represent informal businesses with no financial records.

Future research should use a longitudinal design to observe whether MSME financial recording behavior changes over time. Such a design can compare recording behavior before and after digital accounting training, mentoring, or financial discipline interventions. By observing MSME owners across several periods, future studies can determine whether improvements in financial recording are temporary responses to training or become stable routines in daily business management (Hair et al., 2022; Kaiser et al., 2022; Mediaty et al., 2025; Sarstedt et al., 2022a).

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