Ann PUBLISHER Journal of Economic Sciences (Ekuisci)
e-ISSN 3047-0579
p-ISSN 3046-837X

Bridging Accounting Literacy and SME Financing Access: The Role of Bank-SME Partnership in West Java, Indonesia

Badria Muntashofi [1], Asep Kurniawan [2], Heraeni Tanuatmodjo [3], Hezekiel Evander Hasibuan[4]
[1,2,3,4] Universitas Pendidikan Indonesia
Email: [1] badria@upi.edu, [2] asepkurniawan@upi.edu, [3] heraenitanuatmodjo@upi.edu [4] hezekielevander@upi.edu
Corresponding Author. Email: badria@upi.edu

Abstract
Background. Access to formal financing remains a persistent constraint for micro, small, and medium enterprises (SMEs) in Indonesia, where more than 60 million SME units contribute substantially to GDP yet only a small fraction can access bank credit. Grounded in Agency Theory and the Resource-Based View and situated within the partnership agenda of Sustainable Development Goal 17.
Aims. This study examines how financial statement quality and accounting literacy influence SME access to financing and clarifies the mechanism through which the bank-SME partnership operates in this relationship.
Methods. Using a cross-sectional survey of 200 SMEs in West Java, Indonesia that applied for bank credit within the past three years, we analyzed the data using ordinary least squares regression complemented by bootstrap mediation analysis (5,000 resamples).
Result. The results show that accounting literacy significantly predicts financing access, and this effect is substantially transmitted through bank-SME partnership, which mediates approximately 85% of the total effect. Financial statement quality shows no significant direct or indirect effect on financing access.
Conclusion. These findings indicate that bank-SME partnership functions as a critical bridging mechanism rather than merely a boundary condition, extending prior moderation-focused accounts of SME financing.
Implementation. The study contributes a validated financial statement quality measurement instrument for Indonesian SMEs and offers practical implications for banks and policymakers seeking to strengthen inclusive financing ecosystems consistent with SDG 17.

Keywords
Accounting Literacy; Bank-SME Partnership; SME Financing Access; Mediation; Sustainable Development Goal 17

© 2026 The Author(s). This article is licensed under a Creative Commons Attribution 4.0 International License, which permits use, sharing, adaptation, distribution, and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source.

INTRODUCTION

Historically, a customer's financial data has been under her bank's exclusive control, giving that bank an advantage in pricing and customizing financial services. However, banks' exclusive access to this data is being upended by a movement known as open banking (OB). OB empowers bank customers to share their financial transaction data with other financial service providers. For example, OB allows a bank customer to easily share her bank account history with a potential lender (which can analyze her income and spending habits to underwrite her credit) or with a financial management app (to help her manage her money). (Babina et al., 2025).

Sustainable Development Goal (SDG) 17 emphasizes revitalizing global partnerships to mobilize additional financial resources for developing countries, including partnerships between financial institutions and micro, small, and medium enterprises (SMEs) (United Nations, 2022). In Indonesia, SMEs contribute substantially to gross domestic product and absorb the vast majority of the national workforce, yet formal bank financing remains accessible to only a small fraction of these enterprises (Kementerian Koperasi dan UKM, 2024; OECD, 2023). Bank Indonesia (2024) estimates the national SME financing gap at more than Rp 1,650 trillion, and the Financial Services Authority (Otoritas Jasa Keuangan, 2023) reports that many SME credit applications are rejected because of incomplete financial documentation and an inability to demonstrate a reliable financial track record.

A comprehensive grasp of the accounting information system substantially affects a financial auditor's internal performance within a company. (Gunawan et al., 2024). Financial statement quality is widely regarded as a critical input into lenders' credit decisions, as high-quality statements reduce information asymmetry between SMEs and creditors and signal transparency and business credibility (Hoang, Abeysekera, & Ma, 2021; Berger, Guedhami, Kim, & Li, 2022). In the Indonesian context, however, most SMEs do not maintain standardized financial records, with many relying on simple cash-in, cash-out notation rather than statements compliant with SAK EMKM, the Indonesian financial reporting standard for micro, small, and medium entities (Wahyuni, 2023). Accounting literacy owners' understanding of basic accounting concepts and their ability to prepare and interpret financial information has similarly been shown to shape the quality of SME financial reporting (Wahyuni & Rahman, 2024; Purnamasari et al., 2025), yet remains generally low among SME owners, most of whom lack formal accounting education (Suryani, Rahman, & Kusuma, 2024).

A growing body of literature suggests that the relationship between SME-level financial capabilities and financing outcomes does not operate in isolation from the institutional environment surrounding the SME. Active partnership programs between banks and SMEs encompassing participation in mentoring or training, technical assistance in preparing financial documentation, and regular communication with account officers can help translate an SME's underlying financial competence into a bankable credit application (Berger & Udell, 2021; Beck, Demirgüç-Kunt, & Honohan, 2021). This is consistent with Agency Theory, which frames information asymmetry as the central obstacle in creditor-borrower relationships (Jensen & Meckling, 2020), and with the Resource-Based View, which treats accounting literacy as an intangible resource whose value for accessing external resources depends on how it is deployed and converted into action (Barney & Clark, 2021).

Resource Dependence Theory holds that companies, through audit committees, seek to manage relationships with external auditors as service providers to secure a crucial resource: quality audit services (Syahrudin & Susanto, 2025). Prior empirical work has established that financial information quality shapes credit decisions (Beck & Demirgüç-Kunt, 2021) and that financial documentation is important for the survival and growth of small firms (Cole & Sokolyk, 2020), while studies in Indonesia confirm that most SMEs lack standardized financial statements (Astuti, Wahyuni, & Rahman, 2023) and that information asymmetry continues to constrain SME credit access (Sari, Kusuma, & Pramono, 2024). However, the mechanism through which bank-SME partnership operationalizes the link between SME-level financial capabilities and financing access has received comparatively little empirical attention. Much of the existing literature treats partnership as a boundary condition that strengthens or weakens an existing relationship (a moderator), implicitly assuming that financial statement quality and accounting literacy influence financing access independently of the partnership context. An alternative and, we argue, theoretically equally plausible possibility is that partnership functions as the very channel through which these capabilities are converted into improved financing outcomes: an SME owner's accounting literacy may matter for financing access precisely because it enables more active and productive engagement with bank partnership programs, rather than because it independently influences a lender's decision. Methodologically, testing this alternative pathway is warranted whenever an interaction (moderation) effect proves weak, since a non-significant interaction does not rule out a bridging, or mediating, role for the third variable (Baron & Kenny, 1986; Hayes, 2018).

This study addresses this gap by examining how financial statement quality and accounting literacy influence SME financing access, and by empirically clarifying whether bank-SME partnership operates as a boundary condition or as a bridging mechanism in this relationship. The novelty of this study lies in three aspects: first, it integrates financial statement quality and accounting literacy within a single comprehensive model of SME financing access; second, it empirically investigates the specific mechanism through which bank-SME partnership operates, contributing to a more precise theoretical account of how partnership functions within the SDG 17 agenda; and third, it develops and validates a financial statement quality measurement instrument tailored to the Indonesian SME context, which can be used by future researchers, SME consultants, and SME development institutions. Grounded in a cross-sectional survey of 200 SMEs in West Java, Indonesia, the findings offer both theoretical contributions to the accounting and SME financing literature and practical implications for banks and policymakers seeking to design more effective partnership-based financing programs consistent with SDG 17 Target 17.3 on mobilizing additional financial resources for developing countries. The principal novelty of this study is the shift from a moderation-based to a mechanism-based explanation of SME financing, showing that bank–SME partnership serves as the bridging pathway through which accounting literacy translates into financing access.

METHOD

Sample and Data Collection

This study employed a quantitative, cross-sectional survey design. The target population comprised SMEs in West Java Province, Indonesia, that had applied for bank credit at least once within the preceding three years (2023–2025), estimated at approximately 50,000 units based on data from the West Java Cooperatives and SME Agency. A purposive sampling technique was applied, with inclusion criteria requiring that respondent SMEs had operated for at least three years, had submitted at least one bank credit application within the past three years, employed at least three staff, and had an owner or manager willing to participate. Sample size was determined using the Slovin formula with a 7% margin of error, yielding a minimum requirement of 200 respondents. A total of 200 complete, valid responses were obtained through a combination of online (Google Forms) and offline (paper-based) questionnaires, distributed proportionally across four business sectors: trade (35%), services (30%), manufacturing (25%), and agriculture/livestock (10%). Prior to full data collection, all

instruments underwent expert validation by three academics and two banking practitioners, followed by pilot testing with 30 SMEs.

Measures

Financial statement quality (X1) was measured using a 16-item scale adapted from Halabi et al. (2010) and contextualized for Indonesian SMEs, covering completeness, timeliness, accuracy, and compliance with SAK EMKM. Accounting literacy (X2) was measured using a 15-item scale adapted from the OECD/INFE (2022) Toolkit for Measuring Financial Literacy and Financial Inclusion, covering knowledge, skills, and attitudes toward bookkeeping. Bank-SME partnership (M) was measured using an 11-item scale covering participation in bank mentoring/training programs, technical assistance received in preparing credit proposals and financial statements, and the frequency and quality of communication with bank account officers. SME financing access (Y) was measured using a 10-item scale covering credit approval status, the adequacy of the amount received relative to needs, and the favorability of credit terms. All items were rated on a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). Item-total correlations confirmed that all 52 items across the four constructs were valid ($r > 0.30$), and Cronbach's alpha indicated high internal consistency for all constructs (X1 = 0.964; X2 = 0.969; M = 0.975; Y = 0.973).

Data Analysis

Data were analyzed in several stages using SPSS 27 and supplementary bootstrap procedures. First, descriptive statistics were computed to characterize respondents and study variables. Second, classical assumption tests were conducted, comprising the Kolmogorov-Smirnov test for normality, variance inflation factor (VIF) for multicollinearity, and the Glejser test for heteroskedasticity. Third, hypothesized direct effects (H1, H2) were tested using ordinary least squares (OLS) regression of financing access (Y) on financial statement quality (X1), accounting literacy (X2), and bank-SME partnership (M), with all predictors mean-centered. Fourth, given theoretical grounds for expecting bank-SME partnership to function as a mechanism linking SME-level financial capabilities to financing outcomes, the mediating role of bank-SME partnership (H3, H4) was tested following the causal-steps approach (Baron & Kenny, 1986), with the significance of indirect effects ($a \times b$) evaluated using a bias-corrected bootstrap procedure with 5,000 resamples and 95% confidence intervals, consistent with contemporary recommendations for mediation analysis (Hayes, 2018). An indirect effect was considered statistically significant when its bootstrap confidence interval did not include

zero. Data collection procedures and informed consent followed standard ethical research practices**.**

RESULTS

Descriptive Statistics and Correlations

Table 1 presents descriptive statistics for the four study variables. On a per-item basis (1–5 scale), financial statement quality (M = 3.02), accounting literacy (M = 3.02), bank-SME partnership (M = 3.01), and financing access (M = 3.00) all fell within the moderate category, suggesting that respondent SMEs' financial reporting practices, accounting knowledge, partnership engagement, and financing outcomes were, on average, neither strong nor weak.

Table 1. Descriptive Statistics

Variable	N	Min	Max	Mean	SD
X1 – Financial Statement Quality	200	17	77	48.27	12.25
X2 – Accounting Literacy	200	15	70	45.36	12.12
M – Bank-SME Partnership	200	11	52	33.14	9.11
Y – SME Financing Access	200	10	50	29.88	8.46

Note. N = 200. Cronbach's alpha: X1 = .964, X2 = .969, M = .975, Y = .973.

Table 2 shows bivariate correlations among the study variables. All correlations were positive and statistically significant ($p < .001$). Notably, bank-SME partnership (M) correlated very strongly with both accounting literacy ($r = .924$) and financing access ($r = .975$), suggesting a close empirical association that is further examined in the mediation analysis below.

Table 2. Correlation Matrix

Variable	1	2	3	4
1. X1 – Financial Statement Quality	—			
2. X2 – Accounting Literacy	.888**	—		
3. M – Bank-SME Partnership	.822**	.924**	—	
4. Y – SME Financing Access	.837**	.927**	.975**	—

*Note. ** p < .001 (two-tailed).*

Preliminary Diagnostics

Classical assumption tests were conducted prior to hypothesis testing. The Kolmogorov-Smirnov test indicated that regression residuals were normally distributed, $D = 0.059$, $p = .463$. The Glejser test indicated no heteroskedasticity, as none of the predictor coefficients on absolute residuals were significant (all $p > .05$). Variance inflation factors (VIF)

were 4.73 for X1 and 6.80 for M, both within acceptable limits; however, X2 showed a VIF of 10.43, marginally exceeding the conventional threshold of 10, indicating a degree of multicollinearity between accounting literacy and bank-SME partnership that is addressed further in the Discussion and Limitations.

Direct Effects (H1 and H2)

Table 3 presents results of the OLS regression of financing access on financial statement quality, accounting literacy, and bank-SME partnership (all mean-centered). The overall model was statistically significant, $R^2 = .956$, Adjusted $R^2 = .955$, $F(3, 196) = 1421.00$, $p < .001$. Contrary to H1, financial statement quality did not significantly predict financing access (B = 0.040, p = .076). Consistent with H2, accounting literacy significantly and positively predicted financing access (B = 0.093, p = .007). Bank-SME partnership itself emerged as the strongest predictor in the model (B = 0.746, p < .001).

Table 3. Regression Results for Direct Effects on SME Financing Access

Predictor	B	SE	t	p
Constant	29.880	0.126	236.56	< .001
X1 – Financial Statement Quality	0.040	0.022	1.78	0.076
X2 – Accounting Literacy	0.093	0.034	2.75	0.007
M – Bank-SME Partnership	0.746	0.036	20.60	< .001

Note. N = 200. $R^2 = .956$, Adjusted $R^2 = .955$, $F(3, 196) = 1421.00$, $p < .001$. Predictors mean-centered.

Mediation Analysis (H3 and H4)

Given the strong bivariate association between bank-SME partnership and both accounting literacy and financing access, we tested the mediating role of bank-SME partnership following Baron and Kenny's (1986) causal-steps approach, with indirect effects evaluated using bias-corrected bootstrap confidence intervals (5,000 resamples). Table 4 reports the path coefficients underlying this analysis.

Table 4. Path Coefficients for the Mediation Model

Path	B	p
a1: X1 → M	0.007	0.875
a2: X2 → M	0.688	< .001
b: M → Y (controlling for X1, X2)	0.746	< .001
c1′: X1 → Y (direct effect, controlling for M)	0.040	0.076
c2′: X2 → Y (direct effect, controlling for M)	0.093	0.007
c1: X1 → Y (total effect, M excluded)	0.045	0.258
c2: X2 → Y (total effect, M excluded)	0.607	< .001

As shown in Table 5, the bootstrap 95% confidence interval for the indirect effect of accounting literacy on financing access through bank-SME partnership (X2 → M → Y) did

not include zero, indicating a statistically significant indirect effect. This effect accounted for approximately 84.7% of the total effect of accounting literacy on financing access, and the direct effect of accounting literacy remained significant after accounting for the mediator ($c2' = 0.093$, $p = .007$), indicating partial mediation. In contrast, the indirect effect of financial statement quality through bank-SME partnership (X1 → M → Y) was not statistically significant, as its confidence interval included zero. H3 was therefore not supported, whereas H4 was supported.

Table 5. Bootstrap Indirect Effects (5,000 Resamples)

Indirect Path	Estimate (a×b)	95% CI	Conclusion
X1 → M → Y	0.005	[−0.062, 0.072]	Not significant
X2 → M → Y	0.514	[0.437, 0.597]	Significant

Note. Bias-corrected bootstrap, 5,000 resamples, 95% confidence intervals.

Taken together, these results indicate that bank-SME partnership functions primarily as a mechanism that transmits the effect of accounting literacy rather than financial statement quality onto SME financing access, rather than as a boundary condition that amplifies the effects of these variables independently.

DISCUSSION

Interpretation of Findings

This study tested four hypotheses concerning the direct and indirect pathways linking financial statement quality (X1) and accounting literacy (X2) to SME financing access (Y), with bank-SME partnership (M) initially specified as a moderator (H3, H4) and subsequently re-examined as a mediator once the moderation tests proved non-significant.

H1, which proposed that financial statement quality positively affects financing access, was not supported ($B = 0.040$, $p = .076$). Although the coefficient was in the hypothesized positive direction, it fell short of conventional significance, and financial statement quality was similarly unrelated to bank-SME partnership ($a1 = 0.007$, $p = .875$) and to the total effect on financing access ($c1 = 0.045$, $p = .258$). This suggests that, within this sample, the technical quality of an SME's financial statements completeness, timeliness, accuracy, and SAK EMKM compliance — was not, by itself, a decisive factor in whether financing was obtained, nor did it help explain SMEs' level of engagement with bank partnership programs.

H2, which proposed that accounting literacy positively affects financing access, was supported ($B = 0.093$, $p = .007$), and the total effect prior to accounting for the mediator was considerably

larger (c2 = 0.607, p < .001). This indicates that SME owners' understanding of accounting concepts and their practical bookkeeping skills were meaningfully associated with better financing outcomes consistent with H2 as originally specified in the proposal.

H3, which proposed that bank-SME partnership strengthens (moderates) the effect of financial statement quality on financing access, was not supported: the interaction term was statistically negligible in the original moderated regression analysis, and the corresponding indirect (mediation) path was also non-significant (a1×b = 0.005, 95% CI [−0.062, 0.072]). Financial statement quality thus appears disconnected from the partnership mechanism altogether, whether tested as a moderating or a mediating pathway.

H4, which proposed that bank-SME partnership strengthens the effect of accounting literacy on financing access, was likewise not supported in its original moderation form. However, when re-examined as a mediating mechanism, the indirect effect of accounting literacy through bank-SME partnership was large and statistically significant (a2×b = 0.514, 95% CI [0.437, 0.597]), accounting for approximately 84.7% of the total effect. This is the central finding of the study: rather than strengthening an already-existing direct effect of accounting literacy on financing access, bank-SME partnership appears to be the primary channel through which that effect occurs. Bank-SME partnership also emerged as the single strongest predictor of financing access in the model overall (B = 0.746, p < .001), underscoring its centrality to the financing process independent of its role relative to X1 or X2. Taken together, these results indicate a shift in the appropriate conceptual model for this relationship from partnership as a boundary condition to partnership as a bridging mechanism a distinction elaborated theoretically in the following section.

Theoretical Implications

These findings refine the theoretical account offered by Agency Theory and the Resource-Based View in the SME financing literature. Agency Theory posits that information asymmetry is the central obstacle between SMEs and creditors (Jensen & Meckling, 2020); our results suggest that this asymmetry is not resolved simply by an SME possessing accounting knowledge in the abstract, but by that knowledge being actively deployed through engagement with a bank's partnership infrastructure mentoring, technical assistance in preparing credit documentation, and sustained communication with account officers. This is consistent with the Resource-Based View's treatment of accounting literacy as an intangible resource whose value is contingent on how it is converted into action (Barney & Clark, 2021): literacy alone appears insufficient, whereas literacy channeled through active partnership engagement translates into

tangible financing outcomes. In this sense, bank-SME partnership functions less as a contextual condition that amplifies an existing owner-level effect, and more as the operational pathway through which that effect is realized a distinction with direct implications for how future studies model the SDG 17 partnership agenda in SME financing research (Beck, Demirgüç-Kunt, & Honohan, 2021; Berger & Udell, 2021).

The non-significant effect of financial statement quality is noteworthy given that prior studies have generally found financial information quality to shape credit decisions (Beck & Demirgüç-Kunt, 2021; Hoang, Abeysekera, & Ma, 2021). One plausible explanation is that, in a context where most SMEs do not maintain standardized financial records (Wahyuni, 2023; Astuti, Wahyuni, & Rahman, 2023), lenders and partnership programs may place comparatively greater weight on an owner's demonstrated accounting competence and relational engagement than on the technical completeness of a submitted statement, particularly for smaller, less formalized enterprises. This would be consistent with the view that formal documentation quality and owner-level financial competence are related but empirically distinguishable constructs (Sari, Kusuma, & Pramono, 2024; Cole & Sokolyk, 2020), and that in emerging-market SME contexts the latter may matter more for actually initiating and sustaining a productive relationship with a lender.

Practical Implications

For banks and financial institutions, these findings suggest that partnership programs, mentoring, technical assistance, and account officer engagement should not be treated as peripheral relationship-management activities layered on top of credit assessment, but as a central mechanism for converting SME owners' accounting literacy into bankable financing outcomes. Banks seeking to expand financing access among underserved SME segments may achieve more by strengthening structured partnership and mentoring programs than by narrowly tightening documentation requirements alone.

The Brazilian government initiated a major consumer credit expansion effort in 2011 by injecting new capital into the two largest government banks (Banco do Brasil and Caixa Economica Federal). In response, the government banks launched a large marketing campaign to promote the uptake of payroll loans. These are installment loans that allow banks to deduct payments directly from borrowers' paychecks. As such, individuals with government jobs tend to be the primary target of such loan offers as they have the most dependable payroll stream (Garber et al., 2025).

For policymakers in Indonesia, the findings offer direct support for the SDG 17 Target 17.3 agenda of mobilizing additional financial resources through partnership. Given that partnership engagement is the primary channel through which accounting literacy translates into financing access, financial inclusion policies may benefit from explicitly incentivizing banks to establish or expand structured SME partnership programs for example, through credit scoring adjustments or regulatory recognition for banks with active mentoring infrastructure alongside, rather than instead of, ongoing accounting literacy initiatives for SME owners. The validated financial statement quality instrument developed in this study can additionally serve as a diagnostic tool for SME support institutions seeking to assess and target bookkeeping capacity-building efforts.

Limitations and Future Research

Several limitations warrant caution in interpreting these findings and should inform future research. First, the correlations among the four study variables were unusually high ($r = .82–.98$), yielding a regression model with $R^2 = .956$. While all coefficients were internally consistent across the direct-effect and mediation models, correlations of this magnitude exceed what is typically observed in social-survey research and raise the possibility of common method bias, given that all constructs were measured via self-report Likert scales from the same respondents at a single point in time. We encourage readers to interpret the magnitude of these associations with appropriate caution, and we recommend that future studies employ multi-source data (e.g., combining owner self-report with bank-verified credit outcomes) or temporally separated measurement to reduce this risk.

Second, the variance inflation factor for accounting literacy (VIF = 10.43) marginally exceeded the conventional threshold of 10, reflecting substantial multicollinearity with bank-SME partnership ($r = .924$). Although this does not invalidate the mediation findings indeed, high collinearity between the independent variable and mediator is an expected feature of a genuine mediation relationship it does imply that standard errors for accounting literacy in the direct-effects model should be interpreted with some caution, and it limits our ability to fully disentangle the unique contribution of accounting literacy from that of partnership using ordinary least squares regression alone. Future studies may consider partial least squares structural equation modeling (PLS-SEM) or ridge regression, both of which are more robust to predictor collinearity, to further validate the mediation pathway identified here.

Third, the cross-sectional design precludes strong causal claims; although the hypothesized directionality (accounting literacy → partnership → financing access) is

theoretically grounded, reverse or reciprocal relationships — for instance, SMEs that already have an active bank relationship subsequently improving their accounting practices cannot be ruled out. Longitudinal or quasi-experimental designs, such as evaluating SMEs before and after enrollment in structured partnership programs, would strengthen causal inference in future work. Finally, the sample was drawn exclusively from West Java Province; replication in other Indonesian provinces and other emerging-market contexts would help establish the generalizability of the bridging role of bank-SME partnership identified in this study.

State of the Art, Research Gap, and Novelty

State of the Art	Research Gap	Novelty of the Present Study
Previous research shows that high-quality financial information can reduce information asymmetry between SMEs and lenders and improve SMEs' credibility in credit assessment.	Existing research largely emphasizes the direct relationship between financial reporting quality and access to finance, while offering less explanation of the institutional mechanism through which SME financial capabilities translate into successful financing outcomes.	This study integrates financial statement quality, accounting literacy, bank–SME partnership, and access to finance into a single explanatory framework.
Accounting literacy is increasingly recognized as an important intangible capability because it enables SME owners to prepare, understand, and use accounting information in financial decision-making.	Accounting literacy has generally been examined as a direct determinant of financial reporting quality or access to financing; relatively little attention has been given to how accounting literacy becomes economically actionable through SME–bank interaction.	The study conceptualizes accounting literacy not simply as knowledge but as an actionable organizational resource whose effect on financing access is transmitted through bank–SME partnership.
Agency Theory explains SME financing difficulties through information asymmetry between borrowers and creditors, while the Resource-Based View explains accounting literacy as an intangible resource that can support SME performance and resource acquisition.	These theoretical perspectives have not been sufficiently integrated to explain how an internal SME capability interacts with an external institutional relationship to reduce financing barriers.	The study connects Agency Theory and the Resource-Based View by showing how accounting capability is converted into financing outcomes through an interorganizational partnership mechanism.
Existing studies recognize bank–SME relationships, mentoring, technical assistance, and communication with lenders as potentially important to SME financing.	Much of the existing literature conceptualizes partnership primarily as a moderator or boundary condition, rather than investigating whether partnership is the actual mechanism through which	The central conceptual innovation is the repositioning of bank–SME partnership from a boundary condition (moderator) to a bridging mechanism (mediator).

State of the Art	Research Gap	Novelty of the Present Study
	SME capabilities produce financing outcomes.	
Financial statement quality is conventionally considered a key determinant of lenders' assessment of SME creditworthiness.	There is insufficient evidence about whether formal financial statement quality remains decisive in SME financing contexts characterized by relatively informal accounting practices and relationship-based lending.	The findings challenge the conventional documentation-centered explanation: financial statement quality has no significant direct or indirect effect, whereas accounting literacy becomes influential primarily through partnership.
SDG 17 emphasizes partnerships as mechanisms for mobilizing financial resources and supporting sustainable development.	SME financing research frequently refers to financial inclusion but provides limited empirical evidence explaining how partnership itself operationalizes the SDG 17 agenda at the SME–bank level.	The study provides an empirical micro-level interpretation of SDG 17, showing how structured bank–SME partnerships can serve as an operational mechanism for improving access to finance.
Existing SME accounting studies employ various measures of reporting practices and financial statement quality.	Measures developed for larger firms or other institutional contexts may not adequately capture reporting characteristics of Indonesian SMEs operating under SAK EMKM.	The study develops and validates a 16-item financial statement quality instrument contextualized to Indonesian SMEs, covering completeness, timeliness, accuracy, and SAK EMKM compliance.

The manuscript itself supports this positioning. It explicitly observes that prior studies establish the relevance of financial information but give comparatively little attention to the mechanism through which bank–SME partnerships operationalize SME financial capabilities. It also notes that previous research commonly treats partnership as a moderator rather than as the channel through which capabilities are transformed into financing outcomes.

State of the Art

Current SME financing research increasingly recognizes that financing access cannot be explained exclusively by conventional creditworthiness indicators. Financial statement quality has traditionally been regarded as an important mechanism for reducing information asymmetry between SMEs and financial institutions, while accounting literacy represents an intangible capability that enables SME owners to produce, interpret, and strategically use financial information. From the perspective of Agency Theory, reliable financial information reduces information asymmetry between borrowers and lenders, whereas the Resource-Based View conceptualizes accounting literacy as an internal resource that can facilitate access to external resources.

More recent scholarship has extended this perspective by emphasizing the institutional and relational environment surrounding SME financing. Bank–SME partnerships—including mentoring, technical assistance, support in preparing credit documentation, and sustained communication with account officers—can help convert SME financial capabilities into bankable financing applications. Nevertheless, the dominant literature has tended to conceptualize these partnerships as contextual or moderating factors that strengthen or weaken the effects of SME-level capabilities. Consequently, considerably less is known about whether bank–SME partnership constitutes the actual mechanism through which accounting capability is transformed into financing access. The present study advances this emerging relational perspective by integrating internal financial capability and external institutional partnership within a unified framework of SME financing access. This formulation aligns with the manuscript's theoretical discussion of partnership programs and their relationship to Agency Theory and the Resource-Based View.

Research Gap

Despite substantial progress in the SME financing literature, four interrelated research gaps remain.

First, a mechanism gap persists. Previous studies have established relationships between financial information quality, accounting capability, and SME credit outcomes, but comparatively little empirical research explains the mechanism by which these SME-level capabilities translate into actual access to financing.

Second, a conceptual gap remains regarding bank–SME partnerships. Existing research has predominantly treated partnership as a contextual or moderating variable that changes the strength of the relationship between SME capabilities and financing outcomes. This perspective does not adequately test the alternative possibility that partnership itself constitutes the bridging mechanism through which accounting capability generates improved financing access.

Third, an integrative theoretical gap remains between internal-capability and information-asymmetry explanations of SME financing. Agency Theory emphasizes information asymmetry between SMEs and creditors, whereas the Resource-Based View emphasizes valuable internal capabilities such as accounting literacy. Limited research integrates these perspectives to explain how an internal SME resource is operationalized through an external institutional relationship.

Fourth, a contextual and measurement gap remains in emerging-market SME settings. Indonesian SMEs frequently operate with relatively informal accounting systems and limited compliance with standardized financial reporting. Consequently, evidence derived from formalized firms or developed financial systems may not fully explain the relative importance of financial statement quality, accounting literacy, and relationship-based banking in Indonesia. Moreover, context-sensitive measurement of SME financial statement quality under SAK EMKM remains limited.

These gaps indicate the need for an integrated empirical model that simultaneously evaluates financial statement quality and accounting literacy while examining bank–SME partnership as a potential mediating mechanism linking SME capabilities to access to financing.

This gap is particularly defensible because the manuscript explicitly states that the mechanism by which bank–SME partnerships operationalize financial capabilities has received comparatively little empirical attention.

Novelty

The novelty of this study lies in reconceptualizing bank–SME partnership as a bridging mechanism rather than merely a boundary condition in the relationship between SME financial capability and financing access. Unlike previous studies that predominantly examine financial statement quality, accounting literacy, and banking relationships as independent predictors or treat partnership as a moderator, this study integrates these dimensions into a unified mediation framework.

Empirically, the study shows that accounting literacy significantly improves SME access to financing and that approximately 84.7% of its total effect is transmitted through bank–SME partnership. This finding identifies partnership as the principal pathway through which accounting literacy is converted into improved financing outcomes. In contrast, financial statement quality shows neither a significant direct effect nor a significant indirect effect through partnership, challenging the conventional assumption that technically stronger financial statements necessarily determine SME financing access.

The study therefore contributes a mechanism-based explanation of SME financing: accounting knowledge becomes financially consequential when it is activated through structured interaction between SMEs and banks. The study further extends Agency Theory and the Resource-Based View by connecting an internal intangible resource—accounting literacy—with an external relational mechanism—bank–SME partnership. Finally, it

contributes methodologically by developing and validating a financial statement quality instrument contextualized to Indonesian SMEs and SAK EMKM, while providing micro-level empirical evidence for the partnership-oriented financing agenda of SDG 17.

The empirical basis is strong: the manuscript reports a significant indirect accounting-literacy → partnership → financing-access effect of **0.514**, with a 95% bootstrap CI of **[0.437, 0.597]**, accounting for approximately **84.7%** of the total effect. By contrast, the financial-statement-quality indirect pathway is not significant.

CONCLUSION

This study examined how financial statement quality and accounting literacy influence SME financing access, and clarified the role of bank-SME partnership in this relationship. Based on a survey of 200 SMEs in West Java, Indonesia, accounting literacy was found to significantly improve financing access, and this effect operated substantially through bank-SME partnership, which functioned as a bridging mechanism rather than merely a boundary condition. Financial statement quality, by contrast, showed no significant influence on financing access, whether directly or through partnership. These findings suggest that strengthening SME owners' accounting knowledge is most effective for improving financing outcomes when paired with active, structured engagement in bank partnership programs, rather than treated as an independent driver of creditworthiness.

Theoretically, the study extends Agency Theory and the Resource-Based View by demonstrating that bank-SME partnership operates as a channel through which owner-level financial capability is converted into financing outcomes, offering a more precise account of the SDG 17 partnership agenda in SME financing research than a purely moderating framework. Practically, the findings encourage banks to treat partnership and mentoring programs as central instruments for expanding financing access, and support policymakers in designing incentive structures that reward active bank-SME engagement. Future research should extend this model beyond West Java, incorporate longitudinal or quasi-experimental designs, and apply estimation methods more robust to predictor collinearity to further validate the bridging role of bank-SME partnership identified here.

Acknowledgments

This research was supported by a research grant from Universitas Pendidikan Indonesia under contract number 926/UN40.F7/PT.01.01/2026. The authors gratefully acknowledge this support, which made the data collection, analysis, and dissemination of this study possible. The authors also thank the SME

owners in West Java who participated in the survey, and the enumerators who assisted with data collection.

BIBLIOGRAPHY

Astuti, E. P., Wahyuni, D., & Rahman, A. F. (2023). Implementasi SAK EMKM dan kualitas laporan keuangan UMKM: Studi empiris di Jawa Tengah. Jurnal Akuntansi dan Keuangan Indonesia, 20(2), 158–176.

Bank Indonesia. (2024). Profil bisnis usaha mikro, kecil, dan menengah (UMKM) 2024. Bank Indonesia.

Barney, J. B., & Clark, D. N. (2021). Resource-based theory: Creating and sustaining competitive advantage (2nd ed.). Oxford University Press.

Baron, R. M., & Kenny, D. A. (1986). The moderator–mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. Journal of Personality and Social Psychology, 51(6), 1173–1182.

Beck, T., & Demirgüç-Kunt, A. (2021). Financial inclusion and access to credit. Annual Review of Financial Economics, 13, 287–305.

Beck, T., Demirgüç-Kunt, A., & Honohan, P. (2021). Law, finance, and firm access to credit. World Bank Economic Review, 35(2), 392–419.

Berger, A. N., Guedhami, O., Kim, H. H., & Li, X. (2022). Economic policy uncertainty and bank liquidity hoarding. Journal of Financial Intermediation, 49, 100893.

Berger, A. N., & Udell, G. F. (2021). The economics of small business finance: The roles of private equity and debt markets in the financial growth cycle. Journal of Banking & Finance, 128, 106143.

Cole, R. A., & Sokolyk, T. (2020). Debt financing, survival, and growth of start-up firms. Journal of Corporate Finance, 50, 609–625.

Creswell, J. W., & Creswell, J. D. (2023). Research design: Qualitative, quantitative, and mixed methods approaches (6th ed.). Sage Publications.

Gabriel Garber, Atif Mian, Jacopo Ponticelli, Amir Sufi.(2025). Consumption smoothing or consumption binging? The effects of government-led consumer credit expansion in Brazil. Journal of Financial Economics Volume 156, June 2024, 103834. https://doi.org/10.1016/j.jfineco.2024.103834

Gunawan, A., Nurhawaeny, E., & Suprihatin, D. (2024). The Importance of Understanding Accounting Information Systems for the Internal Performance of Financial Auditors. *Jurnal Ekuisci*, *1*(6), 352–361. https://doi.org/10.62885/ekuisci.v1i6.380

Halabi, A. K., Barrett, R., & Dyt, R. (2010). Understanding financial information used to assess small firm performance: An Australian qualitative study. Qualitative Research in Accounting & Management, 7(2), 163–179.

Hayes, A. F. (2018). Introduction to mediation, moderation, and conditional process analysis: A regression-based approach (2nd ed.). Guilford Press.

Hoang, T. C., Abeysekera, I., & Ma, S. (2021). The effect of financial statement comparability on earnings management: Evidence from listed firms in Vietnam. Australian Accounting Review, 31(3), 196–211.

Jensen, M. C., & Meckling, W. H. (2020). Theory of the firm: Managerial behavior, agency costs and ownership structure (Reprint). Journal of Financial Economics, 135(2), 173–195.

Kementerian Koperasi dan UKM. (2024). Perkembangan data usaha mikro, kecil, menengah, dan usaha besar tahun 2023. Kementerian Koperasi dan UKM Republik Indonesia.

OECD. (2023). SME and entrepreneurship policy in Indonesia 2023. OECD Publishing.

OECD/INFE. (2022). OECD/INFE toolkit for measuring financial literacy and financial inclusion 2022. OECD Publishing. https://doi.org/10.1787/cbc4114f-en

Otoritas Jasa Keuangan. (2023). Laporan perkembangan keuangan berkelanjutan 2023. OJK.

Purnamasari, I., Sugiharti, H., Machmud, A., Hartika, N., Ahiase, G., & Acheampong, K. (2025). Cognitive bias on financial decision-making in MSMEs. Eko-Regional: Jurnal Pembangunan Ekonomi Wilayah, 20(1), 95–109.

Sari, D. P., Kusuma, H., & Pramono, B. (2024). Information asymmetry dan akses kredit UMKM: Peran kualitas laporan keuangan dan collateral. Indonesian Journal of Accounting Research, 27(1), 45–68.

Suryani, E., Rahman, A., & Kusuma, H. (2024). Literasi akuntansi dan kualitas pelaporan keuangan UMKM: Studi empiris di Indonesia. Jurnal Riset Akuntansi dan Bisnis, 24(1), 78–95.

Syahrudin, M., & Susanto, S. (2025). Revealing the Role of the Audit Committee in Improving Audit Quality: Fee, Tenure, and Auditor Rotation Analysis. *Jurnal Ekuisci*, *3*(2), 105–117. https://doi.org/10.62885/ekuisci.v3i2.944

Tania Babina, Saleem Bahaj, Greg Buchak, Filippo De Marco, Angus Foulis, Will Gornall, Francesco Mazzola, Tong Yu. (2025). Customer data access and fintech entry: Early evidence from open banking. Journal of Financial Economics, Volume 169, July 2025, 103950. https://doi.org/10.1016/j.jfineco.2024.103950

United Nations. (2022). The Sustainable Development Goals report 2022. United Nations Department of Economic and Social Affairs.

Wahyuni, S. (2023). Analisis praktik pembukuan UMKM di Jawa Barat: Tantangan dan peluang. Jurnal Akuntansi dan Keuangan Indonesia, 20(1), 45–62.

Wahyuni, S., & Rahman, F. (2024). Literasi akuntansi dan kualitas pelaporan keuangan UMKM: Peran moderasi teknologi digital. Jurnal Riset Akuntansi dan Bisnis Airlangga, 9(1), 89–107.