Determinants Of Financial Literacy, Digital Literacy, And Consumer Confidence Level Mediated By Fintech Literacy On Retail Industry Growth In Indonesia

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Abstract.

This study evaluates how financial literacy, digital literacy, and consumer confidence influence retail industry growth in Indonesia, emphasizing the mediating role of fintech literacy. In the era of industry 4.0, technology, especially fintech, has transformed conventional financial business models into digital ones, accelerating transactions and financial inclusion. The Covid-19 pandemic has further driven digitalization, although it has posed major challenges for the retail industry. This study aims to determine the actual impact of the development of fintech applications including the influence of financial literacy, digital literacy and consumer confidence levels on the development or growth of retail in Indonesia. This study uses a quantitative method with a focus on analysing the relationship between financial literacy, digital literacy, and consumer confidence levels on the growth of the retail industry, both directly and through fintech literacy mediation. The data used are primary data that include information on financial literacy, digital literacy, consumer confidence levels, fintech literacy, and retail growth. Data collection uses a Likert scale questionnaire with a scale of one to five for each variable. The analysis was carried out using multiple linear regression to identify direct relationships between variables and structural equation modelling (SEM) to comprehensively evaluate the influence of fintech mediation. This study shows that financial literacy has a positive and significant influence on retail growth without fintech literacy mediation. However, it does not have a significant effect on retail growth with fintech literacy mediation. In contrast to digital literacy, where digital literacy has a significant and positive effect on retail growth with fintech literacy mediation. While without fintech literacy, this variable does not have a significant effect on retail growth. The level of consumer confidence has a positive and significant effect on retail growth directly and with fintech literacy mediation.

Keywords: *Financial technology, financial literacy, digital literacy, retail and consumer confidence level.*

I. INTRODUCTION

In the era of Industry 4.0, technology has become a vital component of modern life, enabling the efficient optimization of resources. Among the most transformative technologies today is the internet. As of January 2022, internet penetration in Indonesia reached 73.7% of the total population of 277.7 million (Annur, 2023), reflecting the nation's adaptation to technological advancements, particularly in financial technology (fintech). Fintech integrates financial services with technology, revolutionizing traditional financial operations into more advanced, user-centric models (Sung et al., 2019).Digital financial systems, a key segment of fintech, include digital payments, mobile banking, and marketplace lending (Sahay et al., 2020). These systems played an indispensable role during the COVID-19 pandemic by driving digital transactions while supporting social distancing measures (D'Esclapon, 2021). In Indonesia, fintech platforms such as OVO, Go-Pay, and Tokopedia have simplified transactions for both Business-to-Business (B2B) and Business-to-Consumer (B2C) interactions, facilitating seamless payment processes and increasing economic efficiency. These innovations have had a direct impact on industries like retail, which is highly dependent on end consumers. The retail industry, however, faced significant challenges and transformations during the pandemic. While many businesses suffered closures due to reduced transactions, others thrived by adopting fintech solutions, such as cashless payments through QRIS and digital platforms.

Several factors have supported the successful adoption of fintech in the retail sector, including financial literacy, digital literacy, and consumer confidence. Financial literacy empowers individuals to manage their finances effectively, while digital literacy ensures the efficient use of fintech products. When combined with high internet penetration and strong consumer confidence, these factors drive the integration of digital finance into the retail industry, fostering its growth.Prior research underscores the rapid expansion of fintech in Indonesia, particularly in peer-to-peer lending and digital payment systems. These advancements have significantly boosted financial inclusion and contributed to economic growth. Digital finance provides low-cost, efficient solutions that benefit households and small-to-medium enterprises (SMEs), enabling broader participation in the economy.This study examines the impact of fintech literacy on the performance of the retail industry in Indonesia. Specifically, it investigates how financial literacy, digital literacy, internet penetration, and consumer confidence influence retail industry growth, both directly and through the mediating role of fintech literacy. Key performance indicators such as digital transaction volume, consumer value, and profitability will be analyzed to comprehensively assess this relationship.

II. LITERATURE REVIEW

A. Financial Management

Financial management, a key component of economic systems, is heavily influenced by the advancement of industries and technologies. As these developments progress, it is imperative for users and industry practitioners to possess adequate financial literacy to maximize positive outcomes in both individual and institutional contexts.One previous study has proven that increasing financial literacy contributes to better financial management, with a significant positive effect of 19.9% on financial management (Hartina et al., 2023). Financial literacy can also have a broader impact than macroeconomics and financial institutions. Financial literacy has a positive impact in terms of financial inclusion between countries and also on financial institutions individually (Haekal, 2021). Within institutions, financial literacy plays a critical role in improving financial management practices.

This dual impact demonstrates the far-reaching importance of financial literacy, from personal financial decisions to global economic stability.The relevance of financial literacy became particularly evident during the COVID-19 pandemic. Financial management was both challenged and relied upon to sustain economic activities amidst widespread disruptions. D’Esclapon (2021) notes that while the pandemic adversely affected financial operations, effective financial management was crucial for ensuring economic resilience.The integration of financial literacy with technology further amplifies its significance. With the rise of financial technology (fintech), financial literacy is essential for users to navigate digital financial systems effectively. This relationship is a focal point in studies examining how fintech innovations influence financial behaviour during crises like COVID-19.

B. Financial Technology

Fintech refers to the application of technology to financial services, enabling innovative business models, processes, and products that enhance service delivery. According to Sahay et al. (2020), fintech represents a multidisciplinary field combining finance, technology management, and innovation.In Indonesia, fintech is governed by Bank Indonesia Regulation No. 19/12/PBI/2017, which defines fintech as the application of technology in financial systems to produce new products, services, and business models. These innovations are expected to support monetary stability, financial system stability, and efficient payment systems.While fintech has significantly increased digital transactions, its growth during the COVID-19 pandemic was uneven. Sugandi (2021) found that physical distancing measures negatively impacted certain fintech services, such as phone banking, mobile banking, and internet banking. This underscores the need for adaptive strategies to ensure fintech’s resilience in crisis situations.

C. Retail Industry

The retail industry operates at the final stage of the supply chain, delivering goods and services directly to end consumers. It includes various businesses, such as convenience stores (e.g., Indomaret, Alfamart), furniture stores (e.g., IKEA), and department stores (e.g., Ramayana, Gramedia).This study examines retail transactions specifically within the business-to-customer (B2C) context, where businesses sell directly to end consumers. The research focuses on transaction volume and value to determine whether fintech growth influences these metrics.While fintech has been integrated into many retail operations, its adoption varies across sectors. Digital payment systems, for instance, have facilitated seamless transactions in some businesses, while others still rely on traditional methods. By analyzing B2C transactions, this study aims to assess the extent to which fintech adoption impacts retail performance, particularly in terms of sales volume and transaction value.

D. Financial Literacy

Financial literacy encompasses the knowledge, skills, and confidence required for effective financial management. According to the 2022 OJK survey, Indonesia's financial literacy index increased to 49.68%. Financial literacy impacts individual well-being and broader macroeconomic outcomes by enabling people to use financial products and services intelligently (Lusardi & Mitchell, 2023; Yushita, 2017). The National Strategy for Financial Literacy and Inclusion 2021–2025 promotes technology-based financial literacy to enhance public welfare.

The three main components of financial literacy are as follows:

1) Knowledge: Understanding financial management, credit, savings, investment, and financial service institutions.
2) Skills: Mastering financial planning, risk management, and interest calculations.
3) Confidence: Trusting financial institutions and their services.

Financial literacy plays a critical role in driving economic growth. For example, Rani & Desiyanti (2016) found no direct impact of financial literacy on MSME performance, whereas Ferdi et al. (2022) highlighted its positive effect on Gross Regional Domestic Product (GRDP). This suggests that financial literacy can influence economic performance, both directly and indirectly, reinforcing its relevance to the retail industry's growth.

H1: Financial literacy influences the growth of the retail industry in Indonesia.

Additionally, Geriadi et al. (2023) demonstrated that financial technology (fintech) mediates the relationship between financial literacy and financial inclusion, amplifying its positive economic impact, including on retail industry growth.

H2: Financial literacy mediated by fintech literacy influences the growth of the retail industry in Indonesia.

E. Digital Literacy

Digital literacy refers to the ability to use technology wisely and creatively (Suherdi et al., 2021). UNESCO defines it as the capacity to access, understand, and create information safely using digital technology. Beyond technical skills, digital literacy enhances social skills, critical thinking, and learning (Syafrial, 2019).

The four basic principles of digital literacy are:

1) Understanding: Processing explicit and implicit media ideas.
2) Interdependence: Recognizing relationships between different media.
3) Social Factors: Sharing information to distribute messages effectively.
4) Curation: Storing and organizing information for deeper understanding.

By promoting the integration of these principles, digital literacy drives technological adoption for work, entrepreneurship, and daily life. Agustina et al. (2022) emphasized that strong digital literacy improves business efficiency and productivity through better technology adaptation. Similarly, Kartika & Ratnamiasih (2023) highlighted its importance in enhancing business performance.

H3: Digital literacy affects the growth of the retail industry in Indonesia.

Research by Susetyo & Firmansyah (2023) revealed that digital literacy facilitates online financial transactions through fintech, increasing business efficiency and trust.

H4: Digital literacy mediated by fintech literacy impacts the growth of the retail industry in Indonesia.

F. Consumer Confidence Index (CCI)

The Consumer Confidence Index (CCI) is a short-term economic indicator introduced by Bank Indonesia to assess current and future economic conditions (Yuslin, 2022). Derived from monthly consumer surveys, the CCI gauges optimism or pessimism about economic prospects. A CCI score above 100 reflects optimism, while a score below 100 indicates pessimism. The index serves as a valuable early indicator of household consumption trends—a critical factor in economic growth.

High consumer confidence has been shown to positively impact the economy. Yuslin (2022) demonstrated that strong consumer confidence correlates with increased retail industry growth.

H5: The Consumer Confidence Index affects the growth of the retail industry in Indonesia.

Furthermore, Tatli & Koc (2021) found that higher consumer confidence boosts shopping volume, driving retail industry growth. With the presence of fintech, the influence of consumer confidence can be amplified through the convenience of digital transactions.

H6: The Consumer Confidence Index mediated by fintech literacy influences the growth of the retail industry in Indonesia.

III. METHODS

This research is classified as descriptive-causal research, aimed at determining whether financial literacy, digital literacy, and consumer confidence-mediated by fintech literacy-drive the growth of retail transactions. The research methodology employed is qualitative data transformed into quantitative analysis. Primary data were collected using questionnaires with a Likert scale, covering aspects of financial literacy, digital literacy, consumer confidence, fintech literacy, and subjective perceptions of retail growth. By employing a comparative/causal research strategy, the study seeks to provide a comprehensive understanding of the cause-and-effect relationships between financial literacy, digital literacy, and consumer confidence-mediated by fintech literacy-and their impact on retail industry growth. The researcher's involvement includes designing the questionnaire, conducting validity and reliability tests for the instruments used, distributing the questionnaires, processing the collected data, and drawing conclusions based on the analysis. The researcher directly engaged with data sources, ensuring that the data collected was relevant and free from manipulation. The data and observed phenomena occurred naturally, making the research setting non-contrived. Additionally, the data processing and analysis adopted a cross-sectional approach, comparing data before and after the pandemic.

IV. RESULTS AND DISCUSSION

Result

G. Validity and Reliability Test

Table 1. Validity Test

Variable	Questions	R-Value	R-Table	Conclusion
Financial Literacy	I am able and know to plan my finances	0.408	0.361	Valid
	I do not spend money according to my financial plan	0.577	0.361	Valid
	I am not sure how I spend my money per month	0.568	0.361	Valid
	I have the ability to calculate the profit and loss of each transaction	0.679	0.361	Valid
Digital Literacy	I am not able to search for information in the financial sector via the internet	0.624	0.361	Valid
	I am able to use various applications in the financial sector	0.577	0.361	Valid
	I am not able to choose the most profitable application for me, especially in the financial sector	0.622	0.361	Valid
	I am able to operate software, including downloading applications, creating accounts, managing passwords, logging into accounts, and using privacy settings, especially applications in the financial sector	0.370	0.361	Valid
Consumer Confidence Index	I am satisfied with the quality of products from the retail industry	0.508	0.361	Valid
	I am not sure about the security of buying and selling activities in the retail industry	0.579	0.361	Valid
	I am comfortable with buying and selling activities in the retail industry	0.595	0.361	Valid

	The retail industry has poor service	0.517	0.361	Valid
Retail Growth	I think that the retail industry in Indonesia is currently developing	0.385	0.361	Valid
	I have difficulty finding a retail industry in Indonesia at this time	0.632	0.361	Valid
	I am not comfortable making transactions in the retail industry at this time	0.460	0.361	Valid
	The security of transactions in the retail industry is currently good	0.440	0.361	Valid
Fintech Literacy	I do not understand fintech	0.685	0.361	Valid
	Fintech makes it difficult for me in my daily life	0.681	0.361	Valid
	I have various types of fintech applications on my smartphone	0.604	0.361	Valid
	I think that fintech is much better than the conventional financial system	0.489	0.361	Valid

According to the above results of validity test, the r-values of all items are greater than r-table (0.361); this finding indicates validity of all variable items and their fitness for research.Reliability, on the other hand, was measured using Cronbach's alpha, which then generated the following results.

Table 2. Reliability Test

	n	Cronbach's Alpha	Conclusion
Questionnaire	30	0.859	Reliable

Referring to the above results, with Cronbach's alpha values being greater than 0,7, both variables are considered reliable

H. Descriptive Analysis

Table 3. Descriptive Analysis

Questions	n	Mean	Std. Deviation	Min	Max
I am able and know to plan my finances	169	4.083	0.848	1	5
I do not spend money according to my financial plan	169	3.959	0.889	1	5
I am not sure how I spend my money per month	169	3.799	0.973	1	5
I have the ability to calculate the profit and loss of each transaction	169	3.822	0.928	1	5
I am not able to search for information in the financial sector via the internet	169	4.207	0.844	1	5
I am able to use various applications in the financial sector	169	3.793	0.938	1	5
I am not able to choose the most profitable application for me, especially in the financial sector	169	3.734	1.038	1	5
I am able to operate software, including downloading applications, creating accounts, managing passwords, logging into accounts, and using privacy settings, especially applications in the financial sector	169	3.959	0.978	1	5
I am satisfied with the quality of products from the retail industry	169	3.787	0.796	1	5
I am not sure about the security of buying and selling activities in the retail industry	169	3.633	0.828	1	5
I am comfortable with buying and selling activities in the retail industry	169	3.858	0.804	1	5
The retail industry has poor service	169	3.769	0.787	1	5
I think that the retail industry in Indonesia is currently developing	169	4.195	0.726	2	5
I have difficulty finding a retail industry in Indonesia at this time	169	4.142	0.758	1	5
I am not comfortable making transactions in	169	3.929	0.753	2	5

the retail industry at this time					
The security of transactions in the retail industry is currently good	169	3.692	0.824	1	5
I do not understand fintech	169	3.627	1.022	1	5
Fintech makes it difficult for me in my daily life	169	3.604	1.092	1	5
I have various types of fintech applications on my smartphone	169	3.462	1.225	1	5
I think that fintech is much better than the conventional financial system	169	3.74	1.093	1	5

As can be seen from Table 3, there were 169 respondents participating in this research. Results also show that mean of each variable is greater than its standard deviation, which suggests that data are clustered about the mean and no outliers are present.

I. Classical Assumption Test

Homoscedasticity Test

The homoscedasticity test is used to assess an assumption in regression analysis, particularly in classical linear regression, where the variance of the residuals (prediction errors) must remain constant across all values of the independent variables. This assumption is crucial as it affects the validity of the regression model's estimation results. In this study, a graphical method was employed by plotting the residual values against the predicted values or independent variables. If the distribution appears uniform (with no distinct pattern), the assumption of homoscedasticity is considered fulfilled. The results of the homoscedasticity test are presented in Figure 1.

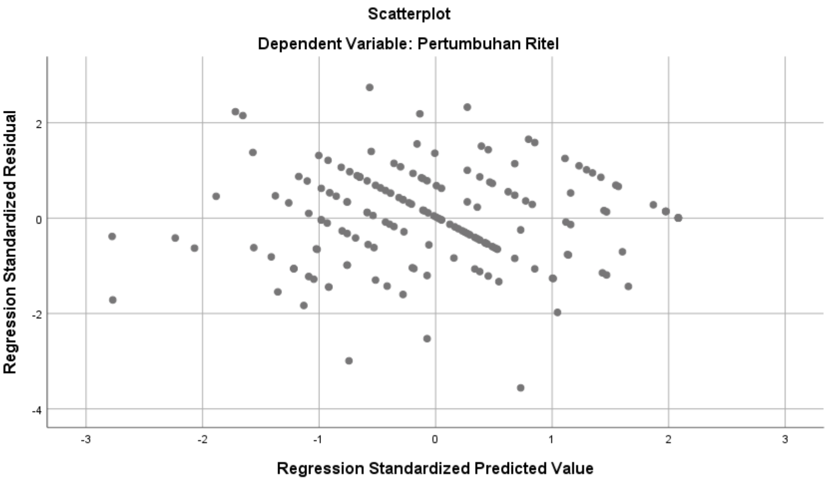

Fig 1. Homoscedasticity Test Scatterplot

As shown in Figure 4.4, there is no discernible pattern, indicating that the assumption of homoscedasticity has been met.

Multicollinearity Test

The multicollinearity test is conducted to detect whether there is a strong linear relationship between two or more independent variables in regression analysis. One method to identify multicollinearity is by examining the Variance Inflation Factor (VIF) and Tolerance values. If the VIF value exceeds 10 or the Tolerance value is less than 0.1, it indicates the presence of multicollinearity. The results of the multicollinearity test in this study are presented in Table 4.2.

Table 4. Multicolinearity Test

Variabel	VIF	Tolerance
Financial Literacy	0.678	1.474
Digital Literacy	0.501	1.995
Consumer Confidence Index	0.669	1.495

As shown in Table 4, no VIF values exceed 10, and no Tolerance values are below 0.1, indicating that the data does not exhibit multicollinearity.

Normality Test

The normality assumption test for residuals is conducted to ensure that the residuals or prediction errors in the regression model are normally distributed. This is assessed using a P-P plot. The results of the P-P plot are presented in Figure 4.5.

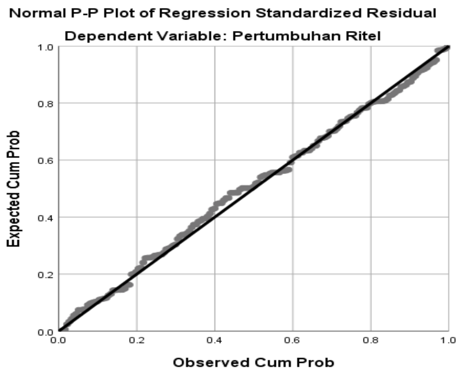

Fig 2. P-P Plot

As shown in Figure 2, the data points are distributed around the normal line, indicating that the residuals are normally distributed.

J. Multiple Linear Regression

Table 5. Multiple Regression Linear Model Summary

	df	**f-value**	**p-value**	**R^2**
Model	3	92.228	<0.001	0.626

Table 5 shows the data characteristics of each variable. Table 6. presents the results of the regression model. The table includes a degree of freedom (df) value of three, representing the number of independent variables in the model. Additionally, the table reports an F-value of 92.228 and a p-value of <0.001, indicating that the independent variables are statistically significant predictors of the dependent variable. The R^2 value in the model highlights the proportion of variance in the dependent variable explained by the independent variables. For this model, the R^2 is 0.626, meaning that 62.6% of the variance in retail growth can be attributed to financial literacy, digital literacy, and consumer confidence index. This suggests a strong explanatory power for the independent variables in predicting retail growth.

Table 6. Coefficient Variable

Variable	**Unstandardized**	**Standardize**	**t-value**	**p-value**
Intercept	3.075		3.645	< .001
Financial Literacy	0.208	0.222	3.837	< .001
Digital Literacy	0.042	0.054	0.805	0.422
Consumer Confidence Index	0.597	0.656	11.278	< .001

The analysis reveals a significant positive effect of financial literacy on retail growth ($t = 3.837$, $p < 0.001$). The unstandardized coefficient of 0.208 indicates that a one-unit increase in financial literacy corresponds to a 0.208 increase in retail growth. Financial literacy ranks second in its influence on retail growth, as indicated by the standardized coefficient of 0.222.Digital literacy, on the other hand, does not show a significant relationship with retail growth ($t = 0.805$, $p = 0.422$). The unstandardized coefficient of 0.042 suggests a minimal positive impact, but the result is statistically insignificant. This finding indicates that while digital literacy is important, it may not directly influence retail growth in this context.The Consumer Confidence Index (CCI) demonstrates a strong and significant positive effect on retail growth ($t = 11.278$, $p < 0.001$). An unstandardized coefficient of 0.597 implies that a one-unit increase in the CCI leads to a 0.597 increase in retail growth. Among the independent variables, CCI is the most influential, as reflected by its standardized coefficient of 0.656. This underscores the critical role of consumer optimism in driving retail growth.The final regression model highlights the significant contributions of financial literacy and the Consumer Confidence Index to retail growth, while digital literacy does not show a meaningful effect in this analysis. The regression equation is:

$$y = 3.075 + 0.208\ (financial\ literacy) + 0.597\ (consumer\ confidence\ index)$$

K. Structural Equation Modeling

Table 7. R^2 Structural Equation Modelling

Variable	R^2
Fintech Literacy	0.472
Retail Growth	0.638

Table 7. presents the R^2 values for fintech literacy and retail growth. The R^2 for fintech literacy is 0.472, indicating that 47.2% of the variance in fintech literacy can be explained by the four independent variables. Similarly, the R^2 for retail growth is 0.638, signifying that 63.8% of the variance in retail growth can be explained by the three independent variables when mediated by fintech literacy. These results highlight the substantial explanatory power of the model in capturing the relationships between the variables.

Table 8. Indirect Effect Structural Equation Modelling

Variable	Estimate	z-value	p-value
Financial Literacy	0.014	1.289	0.197
Digital Literacy	0.046	2.084	0.037
Consumer Confidence Index	0.039	2.016	0.044

The analysis reveals that financial literacy, mediated by fintech literacy, does not significantly influence retail growth (z = 1.289, p = 0.197). The estimate of 0.014 suggests that for each unit increase in financial literacy, retail growth increases by only 0.014. This result indicates that, when fintech literacy mediates the relationship, financial literacy does not have a strong impact on retail growth.In contrast, digital literacy, mediated by fintech literacy, has a significant positive impact on retail growth (z = 2.084, p = 0.037). The estimate of 0.046 indicates that a one-unit increase in digital literacy leads to a 0.046 increase in retail growth. This finding highlights the critical role that fintech literacy plays in strengthening the positive relationship between digital literacy and retail growth, suggesting that fintech facilitates the integration of digital skills into the retail sector, fostering expansion, particularly through the adoption of e-commerce and digital payment systems.The Consumer Confidence Index (CCI), when mediated by fintech literacy, also demonstrates a significant positive impact on retail growth (z = 2.016, p = 0.044). The estimate of 0.039 suggests that a one-unit increase in the CCI corresponds to a 0.039 increase in retail growth. This underscores that consumer optimism, bolstered by fintech literacy, encourages increased spending, which positively contributes to retail industry growth.

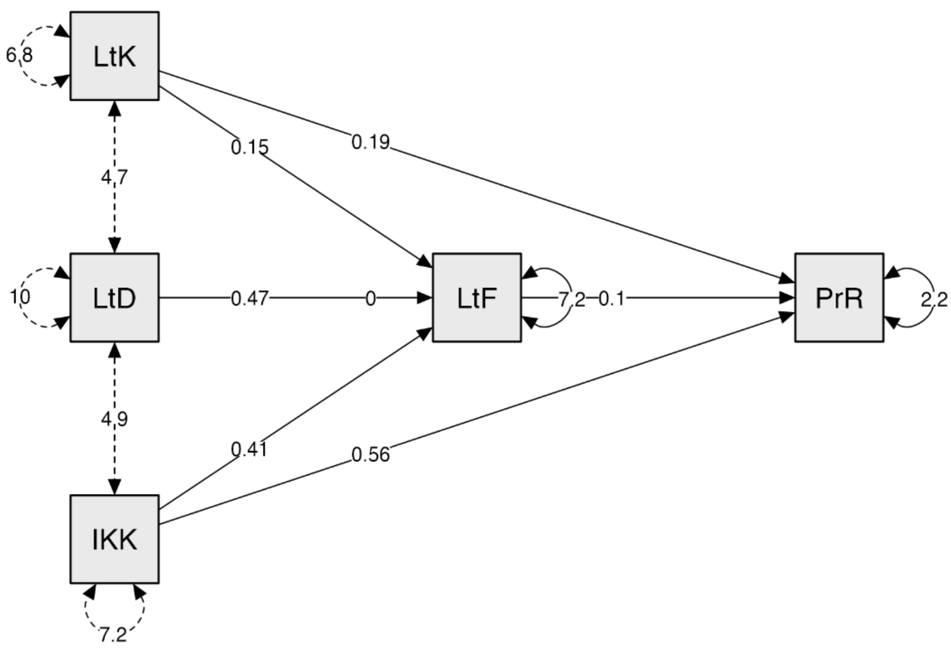

Fig 3. Path Coefficients Diagram

Table 9. Path Coefficients Value

Predictor	Outcome	Estimate	p-value
Fintech Literacy	Retail Growth	0.096	0.023
Financial Literacy	Retail Growth	0.193	< .001
Digital Literacy	Retail Growth	-0.004	0.942
Consumer Confidence Index	Retail Growth	0.558	< .001
Financial Literacy	Fintech Literacy	0.150	0.118
Digital Literacy	Fintech Literacy	0.475	< .001
Consumer Confidence Index	Fintech Literacy	0.407	< .001

Discussion

1) Financial Literacy and Retail Growth

The This study demonstrates that financial literacy has a significant and positive impact on retail growth without the mediation of fintech literacy. However, when mediated by fintech literacy, financial literacy does not significantly influence retail growth.The positive and significant impact aligns with the research conducted by Santoso & Nainggolan (2023), which found that improved financial literacy leads to better decision-making regarding the adoption of digital payment methods, crucial for modern retail operations. Additionally, Prasad et al. (2021) revealed that financial literacy not only aids in decision-making but also influences behaviors related to risk tolerance and market analysis among retail investors. Individuals with higher levels of financial literacy are more adept at evaluating risks and potential returns, which are critical factors in making informed investment decisions in competitive retail environments.Conversely, research by Pangestu & Karnadi (2020) highlighted that financial literacy could lead to increased materialism and impulsive buying behavior. The study found that financially literate individuals engage in compulsive purchases due to their understanding of financial concepts. This phenomenon results in unsustainable consumption patterns that can jeopardize overall financial health and indirectly affect the retail market through fluctuating demand. Furthermore, other studies have revealed a negative relationship between financial literacy and retail growth.Based on these findings, the first hypothesis, which states that “Financial literacy significantly influences the growth of the retail industry in Indonesia,” aligns with the results of this study. However, the fourth hypothesis, which posits that “Financial literacy mediated by fintech literacy significantly influences the growth of the retail industry in Indonesia,” is not supported. The findings indicate that financial literacy mediated by fintech literacy does not significantly impact retail growth in Indonesia.

2) Digital Literacy and Retail Growth

Digital literacy has a significant positive impact on retail growth when mediated by fintech literacy. However, without the mediation of fintech literacy, digital literacy does not have a significant effect on retail growth.Digital literacy plays a critical role in the growth of the retail sector, particularly in the context of increasing e-commerce adoption and shifting consumer behavior. Research indicates that digital literacy significantly enhances the adoption of e-commerce, which is vital for retail growth (Cahyono & Rizqi, 2024). Studies have found that higher levels of digital literacy positively impact the market orientation of small and medium-sized enterprises (SMEs). This adoption translates into improved performance for these businesses. Digital literacy also influences consumer behavior. Consumers with better digital skills tend to have greater confidence in making online purchases, which can lead to increased sales for sellers. Enhanced digital literacy allows consumers to better understand the online shopping process, leading to greater trust and satisfaction with their purchasing decisions. This trust is essential, as it fosters repeat purchases and customer loyalty—both of which are critical for sustainable retail growth (Nazzal et al., 2022).For business operators, investing in employee digital literacy is equally important (Rakib et al., 2024).

As technology becomes increasingly integrated into daily operations, employees need to be equipped with the necessary skills to effectively utilize these tools. Retail employees must be trained in digital competencies to keep pace with technological advancements and consumer demands. Such training not only improves operational efficiency but also enhances customer service, further driving retail growth.Digital literacy significantly impacts retail growth by increasing e-commerce adoption, boosting consumer confidence, and developing essential employee skills. As sellers face the challenges of ongoing digital transformation, advancing digital literacy will become essential to maintaining competitiveness and achieving sustainable growth in the sector.Based on these findings, the second hypothesis, which states that "Digital literacy significantly influences the growth of the retail industry in Indonesia," is not supported by the results of this study, as no significant effect was found. However, the fifth hypothesis, which states that "Digital literacy mediated by fintech literacy significantly influences the growth of the retail industry in Indonesia," aligns with the findings of this research.

3) Consumer Confidence Index and Retail Growth

This study demonstrates that consumer confidence has a significant and positive impact on retail growth, both with and without the mediation of fintech literacy. Consumer confidence is a key economic indicator that reflects the overall financial and economic conditions. This sentiment significantly influences retail growth, as it directly affects consumer spending behaviour, which drives retail growth.When consumer confidence is high, individuals are more likely to spend their income on goods and services. This increased spending boosts demand, leading to higher retail sales and stimulating economic growth (Financial Source, 2024). Conversely, low consumer confidence often results in cautious spending, with individuals prioritizing savings over purchasing non-essential items. This behaviour can lead to a decline in demand for retail products, negatively impacting sales figures (Financial Source, 2024).Retail sales are closely monitored as they serve as a barometer of consumer confidence. Strong retail performance typically indicates that consumers feel secure about their financial future, whereas declining sales can signal economic downturns or rising uncertainty among consumers (Rahman, 2021). For instance, the recent recovery of consumer confidence in Indonesia has led to a significant increase in retail sales following the challenges posed by the COVID-19 pandemic.Based on these findings, the third hypothesis, which states that "Consumer confidence significantly influences the growth of the retail industry in Indonesia," and the sixth hypothesis, which posits that "Consumer confidence mediated by fintech literacy significantly influences the growth of the retail industry in Indonesia," are both consistent with the results of this study.

V. CONCLUSION

Based on the research conducted, it was found that financial literacy has a significant positive effect on the growth of the retail industry, indicating that an increase in financial literacy contributes to the growth of the sector. On the other hand, digital literacy does not have a significant impact on retail industry growth. Consumer confidence, however, plays an important role in retail sector development, as it has a significant positive effect on the growth of the industry. Furthermore, financial literacy mediated by fintech literacy does not significantly affect retail industry growth, suggesting that fintech literacy alters the influence of financial literacy on retail growth. In contrast, digital literacy mediated by fintech literacy significantly enhances the growth of the retail industry, demonstrating that fintech literacy strengthens the positive impact of digital literacy. Lastly, consumer confidence, when mediated by fintech literacy, has a significant positive effect on retail industry growth, implying that fintech literacy does not change the contribution of consumer confidence to the sector's development.

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