

## ABSTRACT

**Purpose:** This study aims to look at the factors that encourage MSMEs in Semarang City to use QRIS, as well as examine the impact of using QRIS on MSME performance.

**Design/methodology/approach:** The city of Semarang, which is one of the cities with the highest QRIS adoption rates, was selected as the research sample to provide concrete evidence about the benefit of QRIS for MSME performance. (n=130). SEM-PLS method was applied to assess the hypothesis and carried out in SmartPLS version 2.9

**Findings:** This study shows that the adoption of QRIS digital payments by MSMEs has a positive and significant effect on the performance of MSMEs in Semarang City. This research also proves that, in adopting QRIS, MSMEs in Semarang City are influenced by the following factors, relative advantage, compatibility, top management support, and competitive pressure.

**Practical Implications:** This research suggests for SMEs that have not yet adopted QRIS to consider the factors of relative advantage, compatibility, top management support, and competitive pressure in adopting. In addition, it also considers the usefulness of QRIS in improving MSME performance.

**Originality/Value:** The Indonesian government stated that QRIS has the potential to improve the level of MSMEs. The use of QRIS is also considered to bring many benefits to MSMEs, including ease of transactions, MSMEs do not need to provide change, ease of financial recording, etc. However, with all these benefits, in reality there are still many MSMEs that have not used QRIS.

**Keywords:** Digitalization of MSMEs, digital payment system QRIS, TOE Model, DOI Theory

**Paper type:** Thesis

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