

## **ABSTRACT**

*MSMEs are significantly contributes to Indonesia's GDP. According to production theory, MSMEs income influenced by several factors such as capital, labor, and technology. The conditions of MSMEs in Indonesia had various internal problems, that is: high interest rate of micro-credit banks, and termination of employment in the MSMEs sector. This study aimed to analyze the effects of bank loans, labor, and use of e-commerce on the income of MSMEs in Indonesia.*

*This study used secondary data obtained from the National Council for Inclusive Finance, the Ministry of Cooperatives and SMEs, and the Ministry of Communication and Information Technology of Republic Indonesia . The data are time series, periode from 2013-2020. The data analysis methods using Vector Error Correction Model.*

*The results showed that banking loans has a positive and significant effect on MSMEs income in the long term, the labor has a positive and significant effect on MSMEs income in the long term, the use of e-commerce has a positive and significant effect on MSMEs income in the long term. In this research showed All of independent variables has significant effect simultaneously on dependent variable. In this study, the factor that most significantly influenced MSMEs income in the long term are bank loans.*

*Keywords: Vector Error Correction Model, MSMEs Income, Bank Loans, Labor, E-Commerce*