Analysis Of The Impact Of Digitalization Of Payments On The Preparation Of Financial Reports In MSMEs In Lakarsantri District

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Abstract . The rise of digital-based financial service platforms that help MSMEs as a sales transaction tool has many benefits for MSMEs, one of which is making it easier to prepare financial reports based on EMKM SAK because the digital payment system is able to store sales recaps accurately. The use of financial service platforms is also used by several MSME players in Lakarsanti District, Surabaya. For this reason, the author's aim is to analyze whether the use of digitalization of the payment system affects the preparation of financial reports in MSMEs in Lakarsantri District. Qualitative research with descriptive analysis methods. Also, semi-structural interviews were conducted with MSME business actors in Lakarsantri District. The results of this research are that many MSMEs in Lakarsantri District already use digital payment systems, but there are still many MSMEs that do not prepare financial reports. There are MSMEs that carry out simple financial records manually, only recording income and expenditure information, which is far from following EMKM SAK. And several MSMEs that have used digital payment systems and carried out simple financial records have felt helped by accurate transfers and transaction recaps.

Keywords: MSMEs, Financial Reports, SAK EMKM, Digitalization Of Payment Systems

1. INTRODUCTION

As a developing country, Indonesia should make national development a top priority. The growth of Micro, Small and Medium Enterprises (MSMEs) in the national economy must be a special concern. Because the number of MSMEs continues to increase, apart from that, MSMEs also absorb a lot of labor in Indonesia (Ningsih, 2020; Pardede et al., 2022). However, many MSMEs experience difficulties in recording and capital aspects, production aspects and marketing aspects (Ningsih, 2020; Pardede et al., 2022).

Many MSMEs experience difficulty in obtaining capital from formal financial institutions, one of which is due to the lack of literacy of MSMEs regarding the preparation of financial reports. As a result of these problems, many MSMEs apply for capital loans from non-formal financial institutions, resulting in MSMEs experiencing new problems, namely very high installment payments (Pardede et al., 2022). MSMEs assume that recording and preparing financial reports is only needed by large companies, and without this their business will continue to run (Trianti et al., 2021). In fact, preparing financial reports well provides benefits that can be felt by MSMEs, one of which is being able to know whether business activities are running well or vice versa.

Current technological advances that have developed rapidly provide convenience for everyone. One sector that is greatly influenced by technological advances is the financial sector. The financial sector continues to experience developments in information and technology in this digital era. It can be seen that there are many new financial services industries, ease of managing money with digital technology, payment transactions using digital technology, sales via electronic media (E-Commerce) (Keuangan et al., 2023; Ningsih, 2020). The transfer of analog technology to digital technology or what is usually called digitalization can be a driving factor to continue to follow developments.

There are many digital-based financial service platforms such as E-money (Electronic Money), E-wallet (Digital Wallet), Fintech (*Financial Technology*), QRIS (Quick Response Code Indonesian Standard) and so on. This digital platform makes it easy for MSMEs to carry out business activities as a media for sales transactions (Zai et al., 2023). The increase in non-cash transactions began due to the Covid-19 pandemic because the virus can be transmitted through the air and even surrounding objects, which requires non-cash payment transactions as an effort to prevent virus transmission. This is in accordance with data from Bank Indonesia that in 2020 there was a significant increase in transactions using electronic money and the use of APMK (Payment Tools Using Cards) in 2022 (Wulandari et al., 2023).

Lakarsantri sub-district is located in the western part of Surabaya. Based on data from the Surabaya City Department of Cooperatives, Small and Medium Enterprises and Trade, there are 410 MSMEs in Lakarsantri sub-district. The majority of MSMEs in Lakarsantri sub-district run their businesses in the food and beverage sector. And for many MSMEs in Lakarsantri District, their final education is Senior High School (SMA).

Based on previous research conducted, (Kahmidatunissa et al., 2022)it is stated that MSMEs positively perceive the payment method using QRIS as providing convenience and reducing physical contact, thereby increasing financial literacy and making it easier to prepare MSME profit and loss reports. And the research carried out (Rosalina Widyayanti, 2020)resulted in MSMEs agreeing and being comfortable in using the non-cash payment system and possibly increasing income. Based on several previous studies, this research aims to determine the impact of digitalization of payments on the ease of MSMEs in preparing financial reports, especially based on SAK EMKM in Lakarsantri District.

2. LITERATURE REVIEW

Micro, Small and Medium Enterprises or MSMEs

Micro, small and medium enterprises or abbreviated (MSMEs) are productive businesses carried out by individuals or individual business entities that meet the criteria in accordance with applicable laws and regulations. Based (Negara & Indonesia, 2014)on Micro, Small and Medium Enterprises or MSMEs, MSMEs can be differentiated according to their annual turnover. Micro businesses have a maximum annual turnover of 300 million, while small businesses have an annual turnover of 300 million to 2.5 billion, and for medium businesses the annual turnover is 2.5 billion to 50 billion. .

MSMEs hold the wheel of the national economy because the number of MSMEs reached 64.2 million and contributed 61.07 percent to GDP or 8,578.89 trillion rupiah. Apart from that, MSMEs are able to employ approximately 117 million workers or around 97 percent of the total workforce in Indonesia, and are able to collect up to 60.4 percent of total investment (Indonesian Ministry of Finance, 2023). On this basis, MSMEs have an important role because they are able to reduce poverty and equalize income (Nasila et al., n.d.). For this reason, the government's role is very much needed to advance the growth of MSMEs.

Financial statements

Financial reports are the result of an accounting process that functions as a communication medium between financial data and business activities and certain parties who have an interest in the Company's business activities and data. As a business actor, whether a large company or MSME, you need to have financial reports for your business. Financial reports need to be made in order to understand the financial condition of a company as a whole, making it easier to make decisions if financial problems arise, and periodically it is good for business actors to know the turnover of their business activities, knowing the sources of income and expenditure of funds received (A et al., 2023).

Financial Accounting Standards for Micro, Small, Medium Entities or abbreviated (SAK EMKM) are financial accounting standards used for entities that do not have significant public accountability. PSAK EMKM was passed in 2016 and came into effect on January 1 2018. SAK EMKM has the simplest standards compared to other SAK. Which regulates transactions carried out by MSMEs or general transactions and uses historical costs as the basis for measurement, so EMKMs only need to record their assets and liabilities at cost. There are not many components to the SAK EMKM financial report, only the Financial Position Report, Profit and Loss Report and Notes to the Financial Report.

Financial Literacy

Financial literacy is a person's knowledge and understanding regarding financial matters, where understanding relates to managing money, making financial decisions wisely and wisely. According to the Financial Services Authority (2023) Financial Literacy is knowledge, skills and beliefs that are able to change views and behavior with the aim of improving the quality of managing finances and making decisions with the aim of achieving public financial prosperity. Meanwhile, according to OCBC (2023), financial literacy is the knowledge and skills that people have in financial or financial matters in utilizing and managing finances optimally.

Based on survey data from the Financial Services Authority (2023), the financial literacy index of the Indonesian population in 2022 was 49.68 percent, an increase compared to 2019 which was only 38.03 percent. Even though there has been an increase in the implementation of financial education to increase the financial literacy of Indonesian society, it is still relatively low. For this reason, OJK opens opportunities for anyone who wants to increase financial literacy by joining online courses. Not only that, OJK even collaborates with influencers and communities to carry out branding related to financial education (OCBC, 2023).

Financial literacy is a skill that business actors need to have. Financial literacy is the foundation for realizing financial prosperity. Prosperity can be achieved in three stages, namely financial literacy, financial inclusion and financial empowerment, this is in accordance with the financial pyramid. To realize financial prosperity, good financial management is needed (Financial Services Authority, 2023).

There are indicators created by the OJK to measure abilities related to a good level of financial literacy.

1. Well Literate

    Well Literate Level , if the community already know and trust financial institutions and the financial products they provide. At this level, people already use financial products and understand the characteristics, rights and obligations as well as the risks and benefits of financial products well.

2. Sufficient Literate

    At the sufficient literate level , people already understand and trust financial products and service institutions. However, they are not yet proficient in using financial products.

3. Less Literate

Less Literate Level , people understand financial products and service institutions but do not yet have a sense of trust in the financial products and services available.

4. Not Literate

Not Literate level can be said to be the lowest level of society in understanding financial literacy. Where at this level the public does not have knowledge and trust in financial products and service institutions,

Payment System Digitalization

The payment system is a system including institutional rules and mechanisms used to transfer funds to carry out obligations for economic activities. So the payment system is related to the transfer of money value from one party to another. In running a payment system, there are various media that can be used. Starting from traditional to modern, complex and involving institutions such as Bank Indonesia. In accordance with the Bank Indonesia Law, Bank Indonesia has the mandate to regulate and maintain the speed of the payment system in Indonesia.

In the era of industrial revolution 4.0, digital technology and the internet have become part of people's daily lives to carry out their activities. Indonesia occupies the fourth position as the country with the largest population, making Indonesia have the potential to absorb massive digitalization flows. For example, the main concept of digitalization is *the Internet of Things* (IoT) which helps devices connect to each other even though there are quite large distance differences with the help of the internet. Next is *Artificial Intelligence* (AI), which is usually called artificial intelligence, where the ability of machines resembles humans, in thinking and analyzing data like humans. Then *Big data analytics* is a technology for collecting, storing, processing and analyzing large amounts of data in order to obtain patterns and valuable information for decision makers (Nasila et al., n.d.; Susila Atmaja & Hartono Paulus, 2022).

Bank Indonesia created the National Non-Cash Movement (GNNT) to create a more efficient and safe payment system because using non-cash payments minimizes human error such as counting errors, rejection of currency that is deemed shabby/unfit for circulation (Susila Atmaja & Hartono Paulus, 2022). This movement began to materialize since the Covid 19 pandemic, where the virus can be transmitted from the air and even surrounding objects, not only in the era of many millennials who use economic sophistication, many of them use digital wallets for transactions.

The digitalization of the financial system has received full support from the government, especially Bank Indonesia. In the 2022 Indonesian Digital Financial Economy (FEKDI) festival, the governor of Bank Indonesia expressed his full support for digitalization because digitalization is a pillar of advanced Indonesia.

One form of payment system development is digital payments. Digital payments are payments using electronic media that can be made using a smartphone. Electronic media is now increasingly diverse, starting from SMS banking, mobile banking and digital wallets. Nowadays, more and more financial platforms or applications are emerging as digital payment services and also as financial regulators. Some examples of digital payment platforms are OVO, DANA, GO-PAY, SHOPEE PAY and so on.

There is also QRIS (*Quick Response Code Indonesia Standard*) in accordance with Article 1 number 5 of the Regulation of Members of the Board of Governors Number 21/18/PADG/2019 concerning Implementation of the National Quick Response Code Standard for Payments. QRIS is a QR Code Payment standard established by Bank Indonesia to provide transaction facilities. payment in Indonesia. QRIS has many benefits that MSMEs and customers can experience as a means of payment. Because QRIS is able to accept payments from all sources of funds used by customers , with QRIS payment transactions can be carried out using one QRIS which is connected to various payment instrument issuers that have been approved by Bank Indonesia to carry out the QRIS transaction process.
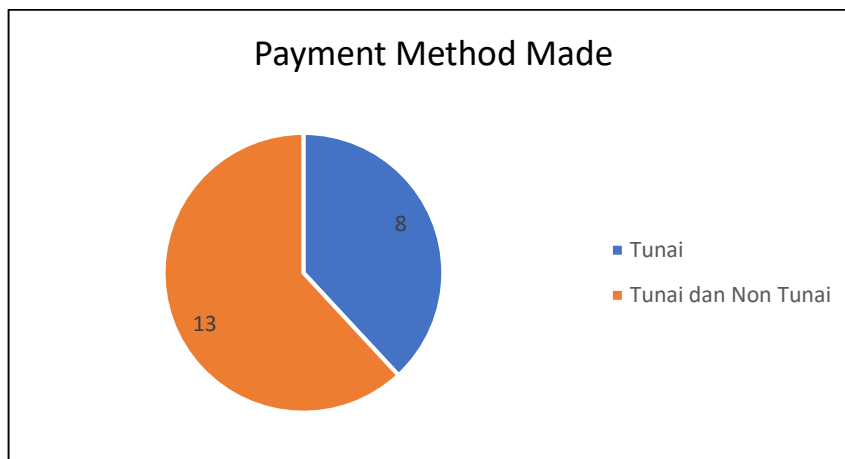
3. METHODS

This research uses descriptive qualitative methods. Researchers conducted semi-structured interviews with 20 MSMEs in the Lakarsanti District of Surabaya, both MSMEs under the guidance of the Surabaya City Cooperatives and Small and Medium Enterprises and Trade Department and those not yet, where the results of the interviews were used as primary data for the research. Supporting data was obtained through previous research in the form of articles, community service journals and references that are related to the objectives of the research, as well as data from government agencies regarding data and the number of MSMEs in Lakarsantri sub-district. The research location is Lakarsantri District, western part of Surabaya City.

4.   RESULTS AND DISCUSSION

Effectiveness of Using Non-Cash as a Payment Method

Digitalization of the payment system produces accurate and real time recaps with hourly, daily, weekly and monthly (Kahmidatunissa et al., 2022)*reports* . Digitalization of the payment system makes sales easier for MSMEs because customers only need to pay using their smartphone and sellers do not need to give change. This convenience has made many MSME players start using two payment methods, cash and non-cash.

Graph 1. Payment Methods Made

These results are in accordance with the results of interviews with business actors from 20 sources, there are 13 sources who use two payment methods. Mrs. Sudarwi as one of the speakers said, " *Payments using QRIS are more widely used than cash, young people now always use QRIS when making payments, especially if there is a bazaar, I rarely receive cash, many people use QRIS* . " "From this statement, *customers* prefer non-cash payments because they provide convenience in transactions. Customers no longer need to carry large amounts of cash if they want to buy the products they want, and guarantee security in transactions because it has more complex features for accessing non-cash payment applications .

There were 8 sources who had not used a digital payment system in their business activities, this was due to their age being elderly (elderly). So it will make things difficult for business people, especially since their eyesight is no longer as good as before.

Graph 2 . Digital Platform Used
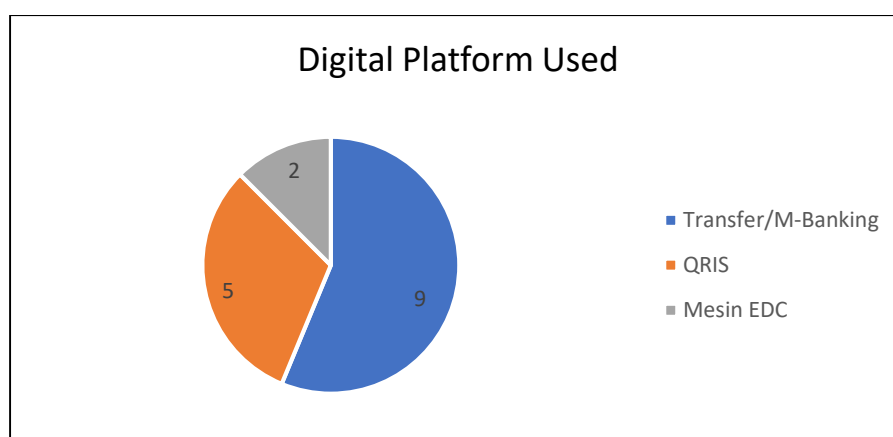
The graph shows that the financial services that are widely used by MSMEs in Lakarsantri District are Transfer/M-Banking, while the use of EDC (*Electronic Data Capture*) machines is the least chosen by MSMEs in their business activities. Because many business actors already have accounts from certain banks and have downloaded applications that can facilitate banking transactions (Mobile Banking), this is what makes many business actors choose this method as a method of receiving funds for their business activities. Compared to QRIS, business actors need to go to the PJP office that organizes certain QRIS which has obtained permission from Bank Indonesia to get a QR Code.

The increasing use of digital payments provides more benefits for MSMEs. In accordance with the research results of Tarantang, et al, (Leksono Putri Handayani et al., 2022)it shows that digital payment systems have greater benefits than disadvantages. By using digital payments, you can store transaction recaps, which can make it easier for MSMEs to recap turnover and prepare financial reports, especially preparing financial reports based on EMKM SAK.

The Importance of Preparing Financial Reports for MSMEs

It is important for MSMEs to prepare financial reports based on SAK EMKM. Not only to find out the source of funds received and disbursed, but through preparing financial reports based on SAK EMKM, it helps make it easier to obtain capital loans. Capital problems are a problem that MSMEs often face. The quality of financial reports made by MSMEs is only simple, apart from that there is no separation between personal and business finances, which results in funds for business operations being used for household needs. Weaknesses in financial management make it difficult for credit giving institutions and conventional banks to provide credit (Almujab et al., 2022). Credit giving institutions and banks need to assess and

decide on granting credit, one of which is by looking at business activities through financial reports.

Graph 3. Number of MSMEs that have carried out financial records

MSMEs that have carried out financial records

10   10

■ Sudah
■ Belum
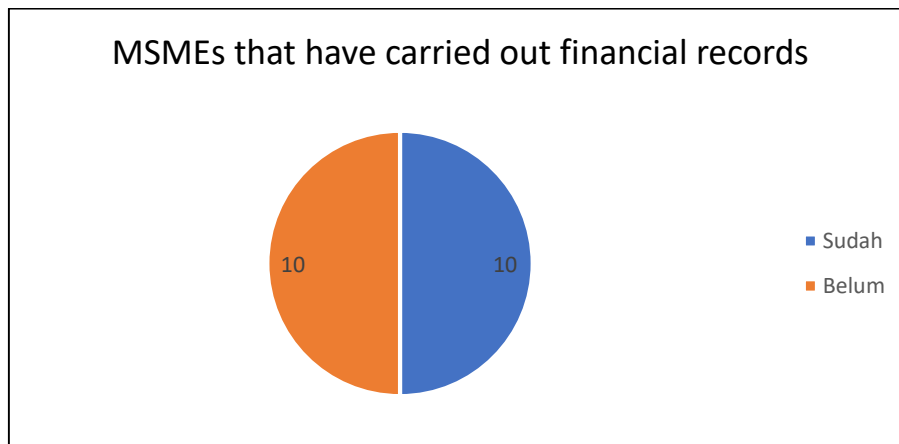
Based on the results of interviews conducted by the author, from 20 sources, only 10 sources recorded financial reports. The recording carried out is limited to income and expenditure, apart from that, many MSMEs admit that the recording carried out is not routine. This is due to a lack of financial literacy among business actors. Based on the results of the interview, it can be said that not many MSMEs in Lakarsantri District still prepare financial reports and it can be said that the recording carried out is not in accordance with SAK EMKM. According to Kusumaningtuti S. Soetiono & Cecep Setiawan, (Zai et al., 2023)the obstacles that people often experience in accessing financial products are a lack of financial literacy and level of self-confidence.

The Impact of Non-Cash Payment Systems on the Preparation of Financial Reports

Graph 4. Impact of digitalization of payments on the preparation of financial reports

The Impact of Digitalization of Payments in Facilitating the Preparation of Financial Reports

0

10

■ Membantu
■ Tidak Membantu
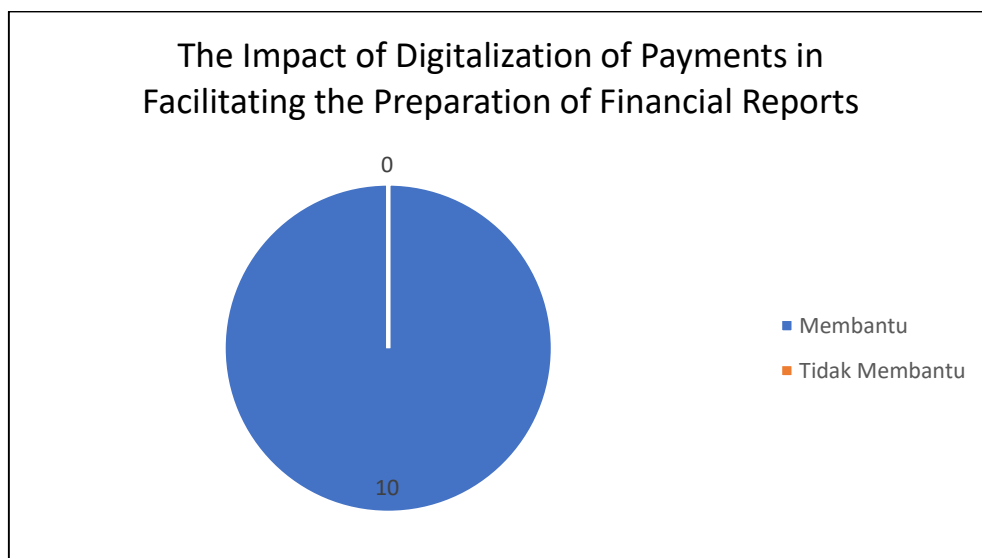
There were 13 sources who used two payment methods in their business activities, there were 10 sources who carried out simple financial records. The 10 sources said that non-cash payments were very helpful in keeping financial records. Because digitalization of the payment system is able to store transaction records, this makes things very easy for MSMEs. As explained by Mr. Budi, one of the traders, " *Non-cash payments are very helpful in recording finances because sometimes other people guard the shop, so looking at the transaction history makes it easier for me to record my finances, but I also check with my cashier's data* ."

This is in accordance with the statement (Kahmidatunissa et al., 2022)that digitalization of the payment system, especially QRIS, makes it easier for MSMEs or *Merchants* to prepare profit and loss financial reports based on SAK EMKM. In research (Ma'rifah et al., 2022)entitled The Effect of Digital Payments on Business Sustainability in Nyambowl MSMEs. Nyambowl shows that digital payments are more effective and efficient, proven by many customers using digital payments and the funds received in *real time* and it is easier for business actors to check mutations.

Real-time transfer and receipt of funds features in the non-cash payment system make it easier for MSMEs to prepare financial reports. Because business actors can prepare financial reports not when transactions occur but can be done when the shop is closed because all transactions are recorded in transfers and the recording can be done in detail. This was confirmed by Mr. Trio, one of the sources, " *Usually I record the total money I got today, but if the payment uses transfer or QRIS, I can record the details of the customer's purchase or what I see from the amount of funds transferred. Sometimes customers also provide information in the information feature. when transferring."* So the results of interviews with respondents show that payments using transfers or QRIS make it easier for business actors to recapitulate income every day. This is due to the difference in the amount of payment received based on cash and non-cash methods. If payment is received in cash, the seller is often unable to keep detailed records. Meanwhile, if the seller receives non-cash payments such as transfers or using QRIS, the amount received can be recapitulated by checking the transaction history as well as providing an overview of the types of products sold based on the number of transactions. Apart from that, the features available in non-cash payments can help customers to provide information about what products are purchased as well as the name of the customer who purchased the product.

5. CONCLUSION

From the results of discussions and research, many MSMEs in Lakarsantri District have used digitized payment systems, either through M-banking, QRIS and so on. However, there are several MSMEs that still do not use it due to age.

Many MSME players in Lakarsantri District have not prepared financial reports based on SAK EMKM, one of which is the lack of financial literacy and government outreach regarding comprehensive financial preparation. Many business actors in Lakarsantri District only record income and expenditure information but do not do it routinely. However, many business people find it helpful to digitize payments because with this, MSMEs can record their finances according to recaps or transaction history.

The benefit of this research is to determine the impact of digitalization of payments on the preparation of financial reports for MSMEs in Lakarsantri District. Preparing financial reports well will make things easier for MSMEs both in terms of capital, marketing and development. This research can provide answers to several previous studies that digitizing payments can make it easier for business actors to record the amount of income they receive. This component is one of the important things in preparing financial reports.

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