

THE IMPLEMENTATION OF DIGITAL FINANCIAL RECORD-KEEPING APPLICATIONS FOR MSMEs AS AN INNOVATIVE SOLUTION TO SUPPORT DIGITAL ECONOMIC TRANSFORMATION FOR A SUSTAINABLE FUTURE

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Abstract

The use of digital financial recording applications for Micro, Small, and Medium Enterprises (MSMEs) is an innovative solution in supporting sustainable digital economic transformation. Faced with the increasingly complex global economic challenges, MSMEs require a structured and efficient recording system to improve their financial and business performance. Digital financial recording applications simplify the process of automatically and accurately recording financial transactions, while integrating them into one system. This supports more transparent financial management, minimizes the risk of recording errors, and enables real-time financial monitoring. By implementing a digital recording system, MSMEs can optimize capital management, increase productivity, and support more inclusive economic growth. This system also helps in managing financial reports more effectively and supports structured business planning. Furthermore, the application of this technology is a significant step in achieving sustainable digital economic transformation, where technological innovation and structured recording play a crucial role in enhancing competitiveness and operational efficiency in MSMEs. The implementation of this digital recording system is expected to drive MSMEs to grow, adapt to technological advancements, and create more high-quality job opportunities. Thus, the use of digital financial recording applications can accelerate the transition of MSMEs into a more integrated and sustainable digital economy, supporting the achievement of inclusive and sustainable economic development goals.

Keywords: Digital applications, Digital transformation, Financial recording, Inclusive economy, MSMEs, Sustainable economy, Sustainable innovation.

INTRODUCTION

MSMEs in Indonesia have a very important role in supporting the national economy. In addition to contributing as a significant job creator for the community, MSMEs are also one of the main contributors to the national Gross Domestic Product (GDP). This is in line with what was revealed by Hardana *et al.* (2022), that MSMEs are a strategic pillar in Indonesia's economic structure. However, various challenges still hinder the optimization of the potential of MSMEs, one of which is in terms of financial management. Until now, most MSMEs still rely on traditional financial management systems, which often lead to difficulties in accessing formal funding sources, inefficient cash flow management, and inadequate transaction recording. This condition has an impact on the competitiveness of MSMEs, especially in the face of increasingly fierce market competition. Therefore, efforts to modernize financial management are needed to increase the sustainability and growth of MSMEs.

In facing the digital era, digital transformation is an indispensable step for MSMEs to survive and develop. One form of digital transformation that can be applied is the use of digital technology,

such as electronic financial recording applications. This technology has proven to be effective in helping MSMEs improve the efficiency of their financial management (Syukri & Sunrawali, 2022). With this technology, MSMEs can record transactions in real-time, manage cash flow more transparently, and facilitate the financial reporting process, so that it can support overall business operations.

Not only in the financial aspect, the adoption of digital technology also opens up new opportunities for MSMEs to understand consumers more deeply. The data generated from digital interactions allows MSMEs to analyze customer preferences and behavior more accurately. This helps MSMEs in offering products and services that suit the needs and characteristics of certain market segments (Pramesti *et al.*, 2021). Thus, digital transformation not only improves operational efficiency, but also expands opportunities for MSMEs to increase competitiveness and reach more specific markets

LITERATURE REVIEW

Clear and standard financial statements are very helpful for MSME actors in managing operational costs, monitoring profits and losses, managing debts and receivables, and calculating tax liabilities. To record finances, MSMEs can start by recording income and expenses, creating a main cash book that combines income and expense records, recording stock of goods, recording inventory, and compiling profit and loss statements.

This financial recording is important so that MSMEs can see how their business is performing every day and can make more appropriate decisions to develop their business. In Indonesia, there are many applications that help MSMEs in recording their finances, one of which is BukuKas.

BukuKas is a free business financial recording application that has been used by more than 6 million micro, small, and medium business actors in various cities in Indonesia. Tri Sukma Anreianno, VP Head of Growth MSMEs of BukuKas, explained that BukuKas is designed with an easy, accurate, and simple recording system, so that business actors can immediately use it without difficulty. BukuKas also adopts the latest technology so that MSMEs can adapt more easily.

"BukuKas has a vision to become the main digital financial recording platform for MSMEs in Indonesia, helping millions of MSME actors to digitize their business operations, so that their businesses become more successful and grow," said Tri.

In 2021, BukuKas received series B funding of 50 million US dollars (around IDR 709 billion), which is used to expand services for MSME business actors and develop complete financial solutions for small businesses as the main pillar of the Indonesian economy.

The relationship between digital and economic development can be seen from several sides:

a) Increased Productivity

The digital economy can increase economic productivity in ways such as:

Digital technology helps business actors to work more efficiently, for example by automating production, distribution, and marketing processes. In addition, technology also encourages innovation in various fields, such as products, services, and the way businesses are run. These innovations make products and services more efficient, thereby increasing productivity.

b) Job Creation

The digital economy can open up new job opportunities in many sectors, such as information technology, e-commerce, online transportation, and logistics.

c) Increased competitiveness

Digital technology helps business actors to compete better in the global market. With technology, they can access the global market more easily and at a lower cost.

d) Increasing Equity

The digital economy helps improve economic equity, as digital technology can be accessed by anyone, regardless of location or background.

Table. 1 Previous journal digital financial recording for MSMEs

Year of Publication	Tpik Research	Researchers	Method	Results or conclusions
2022	Pendampingan Pencatatan Keuangan Pelaku UMKM	Fitriana, A. <i>et al</i>	Qualitative Descriptive	Based on the results of the work, it is explained that MSMEs have understood the flow of financial statement recording transactions for MSMEs, but there are obstacles faced among them human resources with low educational backgrounds, as well as many human resources who have not focused on improving their financial statements, so it is recommended to use an opening application that will make it easier to record so that there is no longer a hassle in the transactions that have been made.
2021	Pemanfaatan Digital Marketing Bagi UMKM	Syari Harahap, H., <i>et al</i> .	Qualitative Descriptive	The implementation of this community service activity (abdimas) succeeded in providing education to 20 MSME actors consisting of culinary, service, and handicraft SMEs, with a focus on increasing understanding of digital marketing. Through lectures, discussions, and training methods, participants gain insights and practical skills that can be applied to develop their businesses in the digital era. This participatory and structured approach not only increases participants' knowledge, but also helps them identify relevant marketing strategies according to the needs and characteristics of each type of business.
2022	Peningkatan Kinerja UMKM dalam Pengelolaan Keuangan	Kurmala Dewi, I., <i>et al</i>	Quantitative with multiple linear regerence analysis	This study shows that financial management has a significant influence on the performance of MSMEs in Surabaya. Financial planning improves cost and profit

2023	Penerapan Pengelolaan Keuangan Bagi UMKM	Wardi, J., <i>et al</i>	Qualitative Descriptive	efficiency, financial recording helps develop business strategies, and separating personal finance from businesses supports transparency and capital management. Overall financial management contributed 37% to improving the performance of MSMEs, emphasizing the importance of good financial management for business sustainability. Based on research, the financial management of MSMEs in Tenayan Raya District, Pekanbaru, is still very low, including aspects of budget planning, recording, reporting, and financial control. Most MSMEs do not implement these four main indicators of financial management due to a lack of accounting knowledge and the assumption that their business is too small to require the system. As a result, transparency and business continuity are difficult to guarantee, which has the potential to hinder the growth of MSMEs. This shows the importance of training and mentoring for MSME actors to improve their understanding in managing finances according to existing standards.
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Source : processed by the author

RESEARCH METHODS

The research method used by the author in this study is a study of previous literature. The author collects data and information from various previous studies that discuss the financial statement recording system for MSMEs to support the sustainable transformation of the digital economy. With this method, the authors analyze and assess existing findings to identify research gaps that have not been widely discussed, thus opening up opportunities for further research in this field. The gap found in the previous study is the implementation of a digital financial recording system that is still limited to the use of simple software, without integration with digital platforms that can support the MSME ecosystem in a sustainable manner. In addition, there are shortcomings in exploring accessibility, digital literacy, and human resource capacity (HR) of MSME actors who have many low educational backgrounds, so they do not fully understand digital technology. This gap makes the author interested in studying more deeply the digital financial report recording system that is not only effective and efficient, but also inclusive for MSME actors with various backgrounds, in order to support the sustainable transformation of the digital economy.

RESULTS AND DISCUSSION

The application of digital applications in MSME financial management has had a very positive influence. The app allows business owners to record transactions automatically and directly, which reduces the potential for errors that are common with manual record-keeping. With features such as automated financial reports, cash flow analysis, and payment reminders, MSMEs can be more efficient in managing their finances. In addition, financial statements such as balance sheets and income statements provide a stronger basis for business owners to make more informed decisions based on accurate data.

In addition to increasing efficiency, digital applications also help improve financial understanding among MSME actors. Some applications provide education on how to manage finances well as information about various financing products. Features such as online loan applications allow MSMEs to get funds faster, so they can grow their businesses, increase production capacity, and innovate.

The change to the digital economy makes it easier for MSMEs to connect with the digital ecosystem through the use of e-commerce platforms, social media, and payment applications. In this way, MSMEs can expand their markets, not only at the local level, but also nationally and even internationally. This helps to increase sales and allows MSMEs to compete in a wider market.

An example of successful application of technology can be seen in MSMEs in the culinary sector that use online ordering applications. The application of this technology allows them to increase sales by up to 50% in a short period of time. In addition, the use of inventory management applications also helps them reduce waste and improve operational efficiency, such as in managing stock of goods to avoid excess or shortage of goods.

Digital applications also contribute to the sustainability of MSME businesses by providing tools that support better business planning and management. By utilizing data analysis, MSMEs can identify market trends and adjust their business strategies to better suit consumer needs. Some applications even support environmentally friendly practices, such as waste management and energy efficiency, so that MSMEs can contribute to environmental sustainability. Therefore, digital applications not only help increase profits but also encourage social and environmental responsibility among MSME actors.

CONCLUSION

With adequate support, adopting digital applications for financial management becomes a vital step for MSMEs to adapt to the ever-evolving digital era. This technology not only enhances efficiency and accuracy but also opens opportunities for MSMEs to grow and compete more effectively in both local and global markets. By fostering collaboration and shared commitment, digital transformation can empower MSMEs to establish a strong foundation for inclusive and sustainable economic growth.

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