

## DIGITALIZING FINANCIAL RECORD FOR IMPROVING CIOMAS JAYA MSMEs ADVANTAGE COMPETITIVE

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### ABSTRACT

The financial aspect is a key factor in business activity process, especially for Micro, Small & Medium Enterprises (MSMEs). Financial management process has a major impact on business sustainability. Generally, MSMEs have financial problems, including (1) less financial understanding, (2) low awareness of financial recording, and (3) the inability to use appropriate digital financial platforms. Based on this reasons, this activities aim to 1) provide education and training on the importance of good and correct MSME financial management according to the needs and interests of each business, 2) educate MSMEs about digital finance, its benefits and advantages for daily business activities, and 3) provide training and assistance on how to use the BukuWarung application as a medium to record and control the financial flow of business processes. The existence of these activities increases the technical capabilities Micro, Small & Medium Enterprises (MSMEs). Technical matters will ultimately increase the productivity and efficiency of business operations and transactions.

**Keywords:** digitalization, financial, record, bukuwarung

### INTRODUCTION

MSMEs have significant contribution to improving the welfare of the people and the labor force. This contribution makes MSMEs have a vital role in maintaining the stability of the country's economy (Wulandari & Santoso, 2023). Business transformation and expansion is an oportunity for increasing MSMEs to exist in the midst of increasingly fierce competition. Digitalization of MSMEs is the key, because it is the first step in the expansion process so that MSMEs continue to exist in running their businesses (Wijoyo & Widiyanti, 2020).

Digitalization refers to the use of technological tools and digital data to increase business, revenue, and create a digital environment/culture (School of Business & Management, 2021). The main sources of digital technology and digital data are information technology and the internet. Digitalization of MSMEs is necessary to improve business efficiency, productivity, and competitiveness (Solechan et al., 2023). Digital utilization in MSMEs activities has a very diverse function. The functions of MSMEs digitization are such as in terms of finance, marketing, human resources, and other things (School of Business & Management, 2021). Digital finance makes monitoring and recording financial activities more efficient. The existence of a digital financial system is closely related to the continuity of MSMEs businesses (Purnamasari & Asharie, 2024).

Digital financial literacy training can help MSMEs improve their performance in several significant ways; a) better Financial Management: With financial literacy training, MSMEs can learn how to manage their income and expenses more efficiently. They are taught to budget, record transactions, and plan investments. This helps them avoid debt traps and improve the financial health of their business, b) wise Financial Decisions: The training also provides an understanding of financial statement analysis, which enables MSMEs to make more informed decisions in resource management<sup>15</sup>. For example, they can choose between different financing options more carefully.

MSMEs are generally faced by problems marketing and digital financial knowledge problems (Fitriasari et al., 2021). There are still many MSMEs that still lack understanding about digital technology that has spread in various lines such as marketing and finance. This makes MSMEs feel burdened and forces MSMEs players to be able to understand the digital environment to increase their business activities. In general, MSMEs are only able to produce, but for the marketing process, especially in terms of digital marketing, they still lack knowledge. Lack of knowledge on this side results in losses in the form of not returning capital or even stopping their business (Fitriasari et al., 2021; Herawati et al., 2020; Tuffour et al., 2022). From another side, such as digital understanding of Micro, Small & Medium Enterprises actors is still very minimal, so this has an impact on the quality of performance produced by MSMEs. Increasing digital knowledge is important because it aims to maintain and improve the business sustainability of MSMEs players to be more competitive in the midst of a dynamic and fluctuating market (Purnamasari & Asharie,

2024). This activity is carried out at MSMEs Ciomas Jaya, Bogor, West Java which consists of several types of enterprise as follows:

Table 1. Type of UMKM Ciomas Jaya

Type of MSME's	Amount
Food & Drink	10
Craft	1
Total	11

The entire average partner has been running the business for about a year. In detail, the problems faced by the partners include an unoptimal financial understanding, a controlled digital financial system, and the use of a digital financial platform that matches the needs of the business. Here is an overview of the products or enterprises of the partners who will be given the training:



Figure 1. UMKM Products

The financial recording model used by MSMEs enterprises generally still uses a simple model or estimate system so that the financial flows of enterprises are still unstable so that sometimes they feel that the sales and profits obtained are not maximum. Another aspect that is of concern that the financial estimate system used by the enterprise is that it often feels the presence of unexpected costs or cash outflows that make the partner feel losses. Based on the chronology above, the purpose of dedication to the community at MSMEs Ciomas Jaya is to provide knowledge, support, and training related to financial digitalization.

**METHOD**

This Community Service activity is located in Ciomas Village, Bogor Regency, West Java. In overcoming the problems that have been described, the solution that can be offered is to use the following approach:

1. Preparation/Pre-Test Stage  
 At this stage, the proposing team will measure the knowledge and understanding of partners related to finance or financial digitalization. The purpose of this stage is to see the extent of understanding and knowledge of business actors related to digital finance. This stage will use a comprehensive sharing or discussion method accompanied by a pre-test.

2. Preparation and Implementation Stages

After the initial problem identification, the proposer will prepare educational materials and materials in the form of digital financial materials. Then followed by the provision of systematized financial material according to the needs of partners. The material presented is in the form of financial matters that intersect directly with the needs of MSMEs. Furthermore, there will be assistance as well as on-site practice in the form of using digital finance starting from recording to the form of simple financial reports that business actors can understand. The application that will be used in this training is a free application from the play store or app store, namely BukuWarung.

3. Evaluation and Monitoring/Post-Test Stages

At this stage, the team will measure and assess the increase in the ability of MSMEs' financial digitization knowledge through a post-test. The purpose of this stage is to monitor any obstacles or barriers from the technical side of using the application to MSME business activities.

**RESULTS AND DISCUSSION**

There were 11 MSMEs that participated in the digital financial recording training activities. MSME owners who participated in this activity are housewives and on average have been running a business for 5 years.



Figure 2. Ciomas Jaya MSME Products

From observations and interviews, the following data were obtained regarding the financial records carried out by MSMEs:

Table 2. Ciomas Jaya MSME Financial Recording Model

Description	Amount
Not yet doing financial records	1
Manual financial recording	8
Financial recording with Excel	1
Financial Recording using the Application	1
Total	11

Based on this data, the majority of MSMEs still use manual methods in recording business finances. There are 2 MSMEs that have used applications in financial recording, either excel or other digital financial applications. There

is only 1 MSME that does not record their financial transaction at all. This evidence shows that the awareness that MSME players in Ciomas Jaya village in conducting financial records is quite good.

The application of digital financial records in MSMEs is still low. This is evidenced by several studies that examine the application of business financial records in MSMEs. The results of research conducted by Andarsari & Dura (2018) show that the majority of all small entrepreneurs do not carry out structured financial records based on standard accounting standards, even some of them only rely on memory to estimate the amount of revenue and costs incurred in their business operations. Research by Rachmawati A (2018) also shows the similar result. MSMEs which are the subjects of her research have not made financial records according to standards.

Assumption that financial records are very complicated and difficult to understand is one of the factors that cause MSME do not record their financial transaction. Beside that, lack information about various financial recording applications is other factors causing the low level of MSMEs that carry out business financial records. Therefore, through this activity, MSMEs will be introduced to digital financial applications that are easy, cheap, and very helpful for MSME business activities, namely BukuWarung.

BukuWarung is an application that can be used on mobile phones with various functions. Its main function is financial recording and bookkeeping. BukuWarung is a financial application specifically designed to help Micro, Small and Medium Enterprises (MSMEs) in Indonesia manage their finances. One of its features is Digital Bookkeeping: BukuWarung provides a transaction recording feature that makes it easy for MSME players to record income and expenses efficiently. This helps them understand their cash flow and profits in real-time.

In the first stage, MSMEs will get demonstration and explanation of how BukuWarung application works. Application filling starts by entering expenditure transactions as cost of goods available for sale. Cost calculation will be different for different business types of each MSMEs. Then, this process is continued by entering receipt transaction whether sales or other revenue and end with a comprehensive financial report. In the second stage, MSMEs will practice directly according to their business while being supervised and guided by the team. Start from application installation process, input transactions to the application until financial report is prepared.

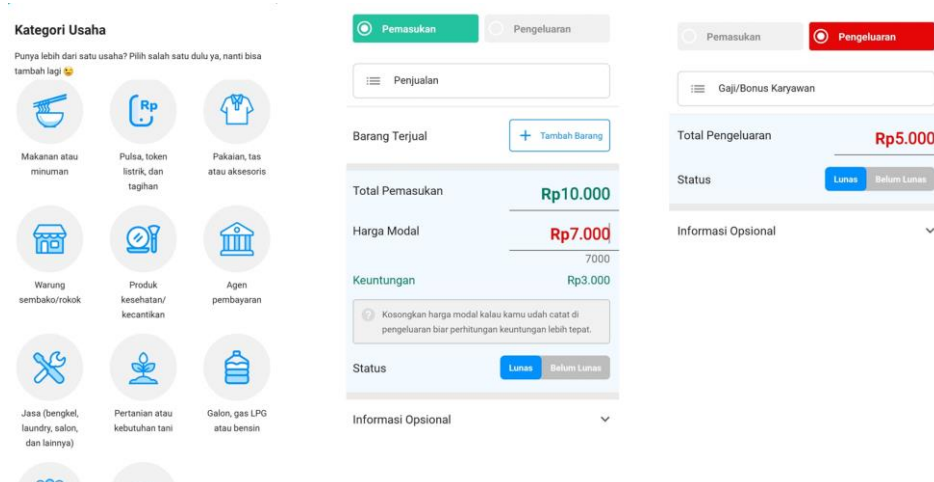


Figure 3. View of the BukuWarung app

This activity went well according to plan and there were no significant problems. The objective of this activity was achieved as indicated by the ability of MSMEs operating this application. Some examples of transactions have been successfully entered into the application correctly. After participating in this activity, MSMEs implemented their business financial records using the application. Enthusiasm was also seen from the presence of MSMEs who participated in the activity from start to finish.



Figure 4. Enthusiasm of Ciomas Jaya MSME entrepreneurs

## CONCLUSION

Financial digitalization is an important aspect in improving MSME business activities in the midst of business competition. Community service activities in Ciomas Jaya village are expected to be a way to increase knowledge and understanding of the importance of using digital financial applications for MSMEs. This activity received a good response and high enthusiasm from Ciomas Jaya MSMEs.

The purpose of this activity to provide knowledge and training for MSMEs in using digital financial applications has been achieved. This is shown by the ability of MSMEs to operationalize the BukuWarung application to support the recording financial transaction of their business. Digital financial records are useful for improving the efficiency and effectiveness of operational activities to support the achievement of the Company's competitive advantage.

Digital financial literacy provides MSME players with knowledge on the use of technology-based financial tools and platforms, such as payment applications, digital banking services, and online lending. With this understanding, MSMEs can more easily access financial services that may have previously been out of reach, such as micro business loans or fast and efficient money transfer services.

Understanding digital financial tools enables MSMEs to plan better financial strategies, including budgeting, debt management, and investment planning. This helps MSMEs grow sustainably and compete in an increasingly competitive market.

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