

Analysis of the Use of Digital Payment and Financial Report Applications in SMSE

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ABSTRACT

Digitalization is increasingly entering the MSME environment, which, if used properly, digitalization will help MSMEs in optimizing their income. One of the dimensions entered by digital is in terms of MSME finance, that is financial reporting applications. This helps several MSMEs in preparing financial reports even though these MSMEs do not have the ability to prepare their own financial reports. Financial reports have various benefits, one of which is to see the financial condition of MSMEs. This research is to find out the use of applications that generate financial reports on MSMEs. This study uses a qualitative method. The results of this research show that MSMEs use various kinds of financial reporting applications for various reasons and have various obstacles in their use, apart from that there are various government policies to support the use of financial reporting applications within the MSMEs sector in Indonesia.

Keywords: Digital Payment, Financial Report Application, MSMEs

INTRODUCTION

The current industrial revolution 4.0 is currently underway, marked by the development of information technology. Some of these things include robot technology, artificial intelligence (AI), and even the internet of things (IoT), even now the world must prepare for the industrial revolution 5.0 (Siagian, 2022). Rapid developments in the digital world continue to move and make aspects of life also need to move in harmony so as not to be left behind with existing technological developments. Digitalization is now part of people's lives, almost all aspects of life are now digitalized, so people need to adapt to digital. As business actors, MSMEs should continue to innovate and be able to adapt to existing digitalization developments following developments and changes in people's tastes, needs and desires because the development of fintech in Indonesia is based on the needs of consumers, customers and merchants, so the nature of fintech is user centric so the focus is more on its users (Aydin & Burnaz, 2016). There are several outputs resulting from digitalization, namely digital payments and financial report applications.

Digital payment is a digitalized product that is used in terms of payments. In the past, payments were made using conventional transactions, namely with paper money or coins. However, now with advances in technology, paper money and coins can be replaced with digital money so that payments can be made digitally using digital payment applications. It operates much like the use of debit or credit card (Kee et al., 2022). Digital payments provide several benefits such as transaction transparency, speed, cheaper costs, reduced usage time, easier monitoring, increased trust, user friendly (Fatonah, Yulandari, & Wibowo, 2018). The use of digital payments is now increasingly widespread. Neurosensum Indonesia research (Cakti, 2020) revealed that before the pandemic, digital wallet use was only around 10%, but throughout 2020 there was a spike in the percentage of digital wallet use, reaching 44%, even allowing user growth to continue to increase (Wulandari, 2023). This shows that there is a trend in the use of digital payments in society. Based on these developments, MSMEs are required to follow the use of digital payments to facilitate people who are now starting to massively use digital payments moreover younger generations. Merchants who offer multiple payment types have a higher percentage to get the consumers to purchase, resulting the higher revenue, moreover now consumers come from different generations, and merchants must to adapt to all the generations so they can get all the consumers. A crucial element in the success of any e-payment method is the chicken and egg problem. It is about how seller adopt the new payment method when just the few buyers who using it, or how the sellers get the buyers to adopt a new payment method when there are just few sellers who using it (Turban, King, Lee, Liang, & Turban, 2015). Based on this, digital payments are very important in facilitating the public's e-payment payments and are expected to increase the income of MSMEs. And some of digital payment that popular in Indonesia are Gopay, Dana, OVO, Link aja, etc. (BRI, n.d.).

Apart from digital payments, digitalization also produces applications that produce financial reports application. Financial reports have an important role in maximizing MSME operations because based on financial reports, MSME owners can see and analyze transactions that have occurred and it can become information for MSME to take action wisely because of that. However, currently there are still MSMEs that make financial reports manually and this has risks, there is it can be damaged and/or lost because paper is easily damage (Ismawati, Simon, Kamisa, Shidiq, & Dewi, 2021). Apart from that, some MSMEs have limited knowledge and abilities in making financial reports like accounting. In answering this problem, technology presents a financial report application that this application helps MSMEs to create and compile financial reports and carry out accounting records (Ranatarisza, Rahayu, Hanum, & Ari, 2022). Based on

research conducted by Ozbayoglu, Gudelek, and Sezer (2020), it shows that the public has quite a high interest in creating financial applications because these financial applications make it easier for them to prepare things related to business finance. This output from the application can be used to the bank or some of the organization so SMSE can have a trust the people who want to give the loan to MSME. After that, financial report application can make MSME to know their position and do the strategy from their finance condition.

However, MSMEs have problems in using them because the use of digital payments and financial reporting applications each has its own advantages and disadvantages. Apart from that, using digital products certainly has its own risks. Risks of digital payments could be linked to service risk, network risk, device risk, and platform risk. For example, it has been suggested that the risk perception among consumers of online shopping is one of the main factors that hinder its development (Aljawder & Abdulrazzaq, 2019). Because of these, newly added strategic activities of addressing security and privacy concerns makes a case for the importance of innovative-technology-related risk in customers' adoption (Sahi et al., 2022). Because of this, it is necessary to know what risks are often encountered by MSMEs and the obstacles MSMEs encounter when using digital payments and financial report applications. The aim of this research is to determine the advantages and disadvantages, risks and obstacles of digital payments and financial report applications owned by MSMEs.

LITERATURE REVIEW

Digital payment or e-payment is a payment method for a transaction using electronic media (Suryanto, Muhyi, & Kurniati, 2022). Electronic payment (e-payment) is also defined as a means of payment that using electronic form where the value of the money is stored in certain electronic media (Reza, 2019). E-wallet is a digital wallet used for online or offline transaction through mobile phone (Edeh et al., 2021). E-payment represents all non-cash payments, also defined as electronic transactions from buyers to recipients through a savings account using electronic networks (Teoh, Chong, Lin, & Chua, 2013). The types of electronic payment systems are: 1) Online credit card payment systems; 2) Payment system supports and expands online shopping functions and works the same as conventional paper checks; 3) The e-cash payment system which is currently widely used 4) an electronic payment system based on smart cards similar to ATMs which is combined with an integrated circuit (IC) which can process information (Slade, Williams, & Dwivdei, 2013).

Financial reports are reports that contain financial records, namely reports that contain transactions involving money within a company, including cash and credit transactions. The financial report made usually every year or month or according to company policy. According to Accounting Standards PSAK No.1 suggests A financial report is a periodic report prepared in accordance with generally accepted accounting principles and relating to the financial situation of an individual, social organization, or business organization, it consists of a balance sheet, income statement, statement of changes in equity, statement of cash flows, and notes to the annual financial statements (Pasaribu & Suherman, 2022). In this digital era, writing and storing finances can be done using accounting applications or accounting software. (Ranatarisza, Rahayu, Hanum, & Ari, 2022) namely applications and/or software used to record finances in accordance with accounting regulations. In research applications that help to record finances and produce financial report output are called financial report applications.

RESEARCH METHOD

The method used in this research is a qualitative method with interview instruments. The research subjects are MSME owners in Tasikmalaya city who use digital payments and financial report applications. The population in this research are MSME owners who use digital payments and financial reporting applications. And data collection techniques are carried out by observation and interviews.

RESULTS

Based on research conducted regarding digital payments and financial report applications for MSMEs in Tasikmalaya City.

Digital Payments

Disadvantages and Advantages of Digital Payment Among MSMEs

Based on interviews conducted with MSME owners, there are advantages and disadvantages of using the digital payments. MSME said that some advantages of digital payment are digital payment makes bookkeeping easier because calculating financial income doesn't require the hassle of reporting physical money and is also simpler because the cashier doesn't have to bother giving change, apart from that it speeds up transactions and makes financial digitalization easier, doesn't take up much time, finances are more controlled, customers not make a debt to MSME, more practical, very simple and easy to use. Digital payments also facilitate cashless consumers so that their sales increase, especially since sometimes there are promotions and discounts when using digital payments so that sales increase and transactions become more effective. And also, several MSMEs said that digital payments provide a sense of security when MSMEs use lot of money in the transactions.

Disadvantages of using digital payment are sometimes there are individuals who falsify payments, which if MSMEs are careless then fraud can occur moreover with technology some of MSME who have less literacy about digital will more easily to become of victims of fraud. And then the rise of hackers eradicating M-Banking who just click on the link (phising) make the owner of the MSME will lose their money.

Because this technology needs the network so, the network must be good and stable and if the network can't support, MSME can't use digital payment in their transactions. MSME sometimes found the errors because enter the data too much, moreover the phone doesn't support and have limited data, so sometimes it can be errors result in the money coming in late, if there are errors it can lengthen the queue so it can't annoy the consumers. And some of digital payments have some features that are not understood by MSMEs and every time the owner want to enter the application they have to log in first which makes MSMEs feel objectionable, and for some transactions there is a fee admin/transfer which makes consumers reluctant to use digital payments and make some think twice to use digital payment, even some MSME carry out the admin fee for using digital payment, but some MSME not carry out the admin fee, so the consumers carry out the admin fee. And sometimes QRIS is difficult to scan so it takes more time to pay and make the line become so long and annoyed some consumers.

Risks of Using Digital Payments in Tasikmalaya City MSMEs and Risk Management

In general, all samples, namely MSME owners, know the risks they face when using digital payments, such as losing their balance without knowing the reason, fraud by sending fake receipts, application errors, individuals who provide false information (hoaxes) related to digital payments. Some of the risk counter measures that are carried

out are by checking transfer balances periodically, especially when making transactions with consumers, changing the pin periodically, especially if the pin is known to employees, not telling the pin to just anyone, making a strong and unique pin, not just clicking on links, update digital payment applications, learn about digital payments and be able to filter unofficial/official information regarding digital payments, be more careful, carry out data verification and encryption protection, and protect software with antivirus and firewalls, secure important data related to sales, no save large amounts of money in one digital payment.

Obstacles to Using Digital Payments in MSMEs

MSMEs find various obstacles in making digital payments, one of the reasons is due to the low level of digital payment literacy among owners and employees, so there are several features in digital payments that are not well understood by MSME owners. There are also those who admit that MSMEs have difficulty adopting digital technology. Apart from that, several MSMEs have encountered problems with the system, technical problems, network problems, especially if the MSMEs are in areas that do not have a stable signal, and this causes payment queues to be longer and consumers have to wait, admin fees which make prices more expensive. This makes several MSMEs use digital payments as a side payment tool other than cash.

Financial Report Applications

Disadvantages and Advantages of Financial Report Applications Among MSMEs

The drawback is that the application sometimes has errors/bugs which cause difficulty logging in and even loss of financial data if it doesn't provide report backups such as suddenly exiting the application itself. Apart from that, there are lots of annoying advertisements, which is a drawback for MSME owners. There are also applications that have incomplete and limited features, sometimes loading causes data transfer to be slower, some features are complicated and not easy to understand. There are also those who think that the data produced by the application cannot be changed and does not vary. Some MSMEs also say they are afraid of the risk of being hacked because of the lack of security in protecting business financial data. Paid applications are also considered a drawback for MSMEs. Some applications can only be used on Android phones, so they cannot be used on other devices, which causes the use of applications for MSMEs to be limited. Smartphone use must also be adequate otherwise it will hang. And there were MSMEs who admitted that the application they were using had an error for one month so that financial reports were not recorded during that time.

The advantages make it easier for MSMEs to check business transactions, produce financial data quickly so that financial data can be known precisely, in detail and structured and there is information on top products, profits and losses that they have so that they are able to manage stock of goods more easily and efficiently, use the application also minimizes ATK and human resources, the free application also reduces costs and several MSMEs find it easy to use the application and read the results of their financial reports. Some applications can also produce financial reports that can be exported to Excel, this is considered an advantage for MSME owners. Financial reports that are in your hand can be accessed anywhere. When the owner needs them, the owner is not too worried about the risk of the yearbook being lost or burned because the data is backed up in the application.

Risks of Using Financial Report Applications in Tasikmalaya City MSMEs and Risk Management

Based on interviews conducted with several MSME owners, there are some MSMEs who feel they do not know the risks they face when using financial reporting applications, and others know the risks that lurk for them when using financial reporting applications. According to MSME owners, the risk of using a financial reporting application is the loss of financial data that has been entered into the application. Errors in entering this data can have a major impact on financial reports. There are also MSMEs who admit that the risk of using this financial reporting application is that when there is an employee who usually manages the application then the employee leaves, and he forgets not to change his pin or password. Using the application also sometimes causes errors. There are also some applications whose security has not been verified.

Providing financial reports in physical form if the financial report application experiences an error and cannot be opened and the data is even lost, be more careful when entering financial data and do a double check, check the data periodically and immediately save. When you have finished entering the data, change the pin from the application financial reports periodically. And check regularly whether the application has been updated or not. MSME owners must check the security of financial reporting applications properly to ensure data security.

Obstacles in Using Financial Report Applications in MSMEs

Several MSMEs admitted that they had no problems using financial reporting applications. Some MSMEs have problems using the financial reporting application, namely errors in the application that sometimes irritate MSME owners, there are features that are not understood, if there are problems the customer service takes a long time to respond and requires a stable network. There are also those who encounter problems in terms of the device used which must be truly adequate and if there is an error on the device, this makes it difficult for MSMEs to carry out financial reporting on the application. Paid financial reporting applications are also considered an obstacle for MSMEs, so there must be special funds to subscribe to these applications. Apart from that, the more transactions carried out on the application, the heavier the load on the device will be, causing the application to become slower. There are also several applications that use formulas that sometimes confuse MSMEs.

DISCUSSION

Based on the results of research that has been carried out, it can be found that digital finance owned by MSMEs has advantages and disadvantages. Based on research findings, it can also be found that MSMEs have at least two or more of digital payments to use to operate their business. This was done partly to fulfill and facilitate consumers who have various types of digital payments when making payments and because one of another digital payments have their own advantages like have some discount, cashback, etc.

This day digital payment is important because lot of people using digital payment as a method to do the transactions and make MSME follow the need and desire of this generation. But, MSME not fully use the digital payment as a transaction method, because some of consumers prefer conventional transactions using paper money and coins. Moreover, if the MSME have lot of different age of target market, they have to adapt with each of generations. So, the owner and the employee must have digital payment literation well and can be flexible with digital transactions or conventional transactions.

For financial report applications owned by MSMEs most of them only use one application because they think it's enough to just only using one application, moreover the data that must be input are detail and take more time and energy if they input in two applications, because just using only one to need dedication to input the data, and sometimes becomes an obstacle for MSMEs in managing MSME finance. MSME use the finance report application there is seems better after try some applications, and MSMEs tend to use that one application and abandon the old application. Beside of the application, some MSME said that it's so hard to become consistent to input the data in the applications. So, beside the obstacle in the sources of the MSME, the most common obstacle in using finance report is in the consistency.

Some MSME input the data once in a month, and some of them input it after the transactions. Because the data is sensitive, some of the owner of the MSME input it by themselves rather than by their employee, but some of the MSME prefer input it by the employee, but the employee must be the one who have trust by the owner. But some owner said the employee who input the data have double job, so not only as the one who input the data but they are become cashier, etc.

CONCLUSION

Based on the research that has been conducted, it can be concluded that the use of digital payments and financial reporting applications has advantages and disadvantages for MSMEs. Some of the advantages include facilitating consumers in making payments, and making transactions more neatly recorded and can also help companies in preparing financial reports. The disadvantage is the risk of data security. Apart from that, the risk of using digital payments and financial reporting applications is the security of user data and data loss. And the obstacle that MSMEs have in using digital payments and financial reporting applications is that they require some to have a stable signal to use and a capable device.

Based on this, MSMEs should use digital payments to facilitate consumers in the hope of embracing e-cash consumers so that MSME income will increase. Apart from that, it is hoped that the use of financial reporting applications can be carried out by MSMEs so that they are able to record financial transactions in more detail and can help them in making financial reports more quickly and easily where these financial reports can be used to help them in analyzing the financial condition of their business, helping MSMEs in making decisions related to MSME finances with the hope of being able to enable MSMEs to make wiser decisions for the sustainability of their business.

After all the result and the discussion of the research, it can be showed that the used of digital payment and financial report application are important for MSME these days moreover technology of the finance grow rapidly and desire to use the fintech more grow rapidly as well. And all of these finance-digital-product will always have advantage and disadvantaged depend on the people who using it, and the obstacle of using it can be manage by risk management of the MSME. Because if MSME step back and not using the digital payment and financial report application just because of some risk and disadvantage, MSME will not receive some advantage of it and can't fulfill the need and desire from the consumers in this digital era.

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DECLARATION OF CONFLICTING INTERESTS

No potential conflict of interest was reported by the authors.

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