

Optimization of Digital Finance to Improve the Performance of Klubanotic MSMEs in Brebes Regency

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Abstract

The rapid development of technology in Indonesia has changed the way of life in many aspects, including the financial sector. Financial technology (fintech) is one of the technological developments that has the potential to increase the productivity and efficiency of micro, small, and medium enterprises. (UMKM). SMEs play an important role in the Indonesian economy, contributing 60.5% to GDP and 96.9% to the national workforce. However, MSMEs face challenges in adopting digital financial technology due to a lack of digital skills and knowledge in accounting practices. To address this challenge, training programs on financial management systems, including accounting software applications, can be developed to help SMEs manage their finances effectively. Klubanotic UMKM Brebes, a community of MSMEs producing various types of products, faces similar challenges. By practicing with accounting software applications, SMEs can improve their accounting practices, which will contribute to the growth of their business. Fintech is a dynamic concept that brings about a paradigm shift in the financial and business sectors, with the potential to offer efficiency, cost reduction, process improvement, speed, flexibility, and innovation for SMEs.

Keywords: Fintech, MSMEs and Financial Efficiency, Digitalization and Accounting for MSMEs, Financial Management Training, Business Development for MSMEs in the Digital Era

1. Introduction

1.1 Situation Analysis

The rapid advancement of technology, especially in Indonesia, significantly changes the way people live at various levels and has the advantage of making existing tasks easier to carry out. One of the current technological developments in the financial sector is fintech. SMEs, which constitute 99% of all business units in Indonesia, play a significant role in the country's economic growth. SMEs contribute 96.9% of all national employment and account for 60.5% of the country's GDP. Financial technology (fintech) is one of the solutions for MSMEs to increase productivity and efficiency. For that reason, training is needed for MSMEs

to master that aspect; one of the trainings that can be developed is a financial management system. The profitability and long-term sustainability of a company can be influenced by providing accurate accounting information for each business transaction. Because the fact that internal financial reporting procedures are designed to be used by each entity, decision-makers can now better understand the strengths and weaknesses of the company. A UMKM community named Klubanostik UMKM Brebes was established on November 11, 2018, and is legally recognized. Business operators who are part of the Klubanostik community are those engaged in the service industry, crafts, and culinary fields. In the implementation process, the club community continues to face a number of problems, including the lack of human resource competence in the field of digital financial technology experience and accounting record knowledge.

The rapid development of technology, especially in Indonesia, has largely changed the patterns of people's lives from various aspects, providing benefits to simplify existing tasks. One of the current technological developments in the financial sector is fintech. Fintech itself is one of the factors that influence economic growth. (Irma Muzdalifa, Inayah Aulia Rahma, 2018). Fintech is a new financial service model developed through information technology innovation.

Financial technology (Fintech) brings a paradigm shift in the financial and business sectors. The literature describes fintech as a dynamic concept due to the increasing number of technology entrepreneurs entering the industry, reshaping it, and modifying it for social needs [Liudmila.Z., et al., 2016]. Fintech can be defined as financial services that use innovative technology to meet future essential needs. (Dapp, Slomka, dan Hoffmann, 2014). Scholars claim that SMEs can benefit from fintech through high efficiency, cost reduction, business process improvement, speed, flexibility, and innovation. (Dapp. Slomka, dan Hoffmann, 2014; Cassetta. dkk., 2020; Rialp-Criado. dkk., 2017; Frizzo- Barker Chow-White. dkk., 2020). Currently, we are in a transition period from fintech 2.0 to fintech 3.0. Fintech produces financial technology products such as SWIFT and ATMs. (Leong, K. dan Sung, A; 2018). Evidence shows that the Internet and the Internet of Things are related technologies during fintech 2.0 [Mohamed, Hamdan, Karolak, Razzaque, and Alareeni 2021]. Similarly, more and more data technologies will be

developed during fintech 3.0. Financial technology, which combines technical and financial components, or can be seen as an innovation in the financial industry with a touch of modern technology. (Fauji & Widodo, 2020). Research conducted by (Lontchi, Yang, and Shuaib, 2022) reveals that fintech positively and significantly affects the performance of SMEs. This indicates that fintech services such as mobile payments, app-based investment platforms, and online banking solutions can help SMEs improve their performance because fintech has the potential to enhance the quality of products and services, which in turn improves the financial and operational performance of SMEs. If SMEs can embrace cutting-edge technology, especially those that can uncover hidden information from various sources to enhance SME decision-making and enable easy communication with customers, they can significantly improve their performance.

According to a study by the Indonesian Fintech Association (Aftech), middle to lower-income households contribute up to 59% of Indonesians who utilize financial technology. Specifically, 36% of those earning between Rp5 and 15 million use fintech. Meanwhile, 23% of users come from the group earning Rp5 million or less. The income category of Rp15–30 million also contributes up to 18% of fintech consumers. Additionally, 17% of users earning Rp50 million and 6% of users earning Rp30 million to 50 million utilize fintech.

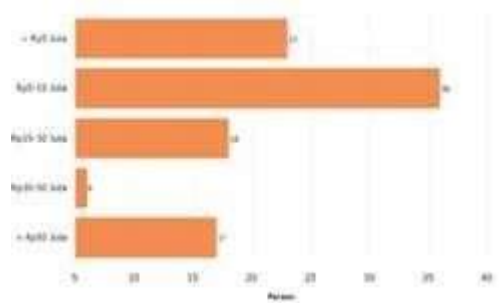


Fig. 1 Fintech Usage Based on Income

Source: Indonesian Fintech Association (2021)

However, if sorted by age, 73% of all fintech users in this country are between 25 and 35 years old. According to this survey, 62% of fintech companies claim to have worked with micro, small, and medium enterprises. (UMKM). 42% of fintechs say the transaction value of MSMEs exceeds IDR 80 billion from the total.

According to the Coordinating Ministry for Economic Affairs of the Republic of Indonesia, MSMEs constitute 99% of all business units and play a crucial role in the country's economic growth. MSMEs contribute 96.9% of the national workforce and account for 60.5% of the country's GDP. Financial technology (fintech) is one of the solutions for MSMEs to increase productivity and efficiency. For that reason, training is needed for SMEs to master that aspect; one of the trainings that can be developed is a financial management system. Good fund management is one of the key factors that determine the success or failure of an MSME. (Aulia, 2019). Every organization needs accounting and financial reporting processes because they not only help track the organization's financial transactions but also serve as a resource for stakeholders to learn about the organization's financial health. (Pham ,Do, Doan, Nguyen dan Pham T., 2021). Profitability and long-term viability of a company can be affected if SMEs cannot accurately record accounting data for each business transaction. Because financial reporting procedures are designed for internal use by each organization to inform decision-makers about the strengths and weaknesses of the business.

The Brebes UMKM Club is a legal entity and part of the UMKM community in Brebes Regency. Banjaratna is a hamlet located in the Bulakamba District of Brebes Regency. Founded on November 11, 2018, and starting from KLUBAN

(Keluarga UMKM Banjaratna). Some people who want to frequently come and sell at Rest Area 260B Banjaratna started this community. Many parties reacted to this development, and as a result, this community organization is now present in all 11 districts of Brebes Regency, namely Bulakamba, Wanasari, Lorayon, Tanggung Jawab, Kersana, Banjarharjo, Songgom, Losari Salem, and Ketunjungan. The Clubanostik Community of Brebes Regency is shown below.

The Clubanostic community has grown significantly over the past few years, despite the business activities of government agencies aimed at enhancing its development. The activities include exhibitions, training by the MSME office, socialization of business permits from NIB, PIRT/SLS, and Halal certification, as well as efforts to improve product packaging to make it better and more attractive. The current epidemic clearly makes it impossible to use this as a benchmark for many improvements, because the clubanostic community needs to make progress in order to survive and enhance marketing performance. The large number of MSME industries that are part of this community has led to quite good development, but the Clubanostik Community still faces various challenges.

1.2 Partner Issues

The issues faced by this community service partner include several problems, such as: a lack of digital skills and knowledge in accounting practices, as well as the insufficient capabilities of the Klubanostic Community members in mastering finance technology and more effective financial management in terms of financial report recording.

1.3 The Purpose of Service

The purpose of this service is as follows:

1. To help MSMEs manage their finances effectively.
2. to offer efficiency, cost reduction, process improvement, speed, flexibility, and innovation for MSMEs.

1.4 Solution

Thus, the solution that can be provided as an effort to solve the problem is through practice in the application and use of the MSME accounting application for the Klubanostic community, including learning to create an account on the MSME Accounting application, and after having it, being able to: Enter daily

business journals, as well as utilize the features available in the application to develop their business. This is intended to help MSME actors have strong and accurate records so that their businesses can grow.

1.5 Output Target

The output targets to be achieved in this community service are as follows:

1. Inputting a daily journal using the features available in the application.
2. Creating the General Ledger (Daily journal report that has been input).
3. Creating the Trial Balance (Laporan keseimbangan nilai jurnal harian yang di input).
4. Evaluating a business by reading the Profit and Loss Statement (Laporan Laba atau Rugi perusahaan).
5. Utilizing Export Excel to save the file in Excel format.

2. Method

Techniques of delivering materials, discussions, and training are used to carry out community service activities. The UMKM group clubnastic, consisting of 30 people participating in this activity, is made up of individuals who usually do not meet the requirements, namely those who do not yet understand how to utilize technology in creating financial reports with the help of applications. It is hoped that the participants will be able to create good financial reports. The participants are also provided with basic calculations and the benefits of creating financial reports or records, one of which is efficiency and the ability to obtain capital assistance from banks. The training is divided into several stages, starting with the formation of community service groups, setting goals and participants based on the problems faced, the implementation of stage 1 activities with the provision of materials and discussions on management and financial report preparation, the implementation of stage 2 related to practical introduction regarding the preparation of financial reports using SME accounting applications, and ending with a question and answer session.

2.1 Performance of LPPM

LPPM Universitas Pancasakti Tegal has been actively conducting both research and community service activities over the past year. Every semester, the LPPM always holds a competition for lecturers to propose research and community service funding, financed by the head of the LPPM at Pancasakti University Tegal. With this activity, lecturers are always actively involved in research and community service activities. In research activities, several lecturers participate in research grants organized by DIKTI. The LPPM also organizes KKN activities for students held every semester.

2.2 Type of Expertise

In accordance with the problems and needs of the partners, the implementation of this community service has formed a team consisting of a leader and members who possess the expertise required to address all the issues or needs of the partners. The types of expertise of the service team can be seen in Table 1 as follows:

Table 1. Types of Expertise of the Service Team

Name	Department	Type of Expertise
Yuni Utami, S.E., MM	Chairperson	Financial Management
Mei Rani Amalia, S.E., MM	Member	HumanResources
Dri Murdiati, S.E., M.Si	Member	Management Tax Management

3. Results and Discussion

3.1 Result

A total of 30 training participants attended the event held in Brebes Regency on February 4, 2023, from 10:00 AM to 2:00 PM WIB. The majority of the participants were business organizations from the Klubanostik MSME community, which produce various goods and services, including food, handicrafts, light steel, ceilings, gypsum, and other services.

This activity was well-received by the participants because many of them still do not understand how to manage their finances. The limitations in education have resulted in low financial literacy among the members of Klubantostic. They also find it difficult to develop their businesses because bank funding usually requires complete financial reports.

3.2 Optimization of Digital Finance

Micro, small, and medium enterprises (MSMEs) still use simple financial calculations or reporting. This manual recording has many shortcomings, such as misrecording or miscalculating, and when presented in the form of financial reports, the results are not optimal. The lack of financial literacy is the reason many participants still use simple or manual recording methods. With the introduction of basic financial principles, participants become more aware of the importance of recording their financial transaction flows. With the advancement of technology, financial recording has become easier; with the help of financial recording applications, it can be done digitally and comprehensive financial reports can be automatically generated.

To hone skills in the field of digital financial mastery in assisting the financial recording process, it is done using the UKM Accounting application, which can be implemented through training practices using the UKM Accounting application for the Klubanostic community. This includes learning to create an account on the UKM Accounting application, and after having it, being able to perform the provided material such as:

1. Input daily journals by utilizing the features available in the application, such as Journal Correction (the journal will turn red if it is unbalanced).

2. Read the General Ledger (the report of the daily journal that has been input).
3. Read the Trial Balance. (Laporan keseimbangan nilai jurnal harian yang di input).
4. Evaluating a business by reading the Profit and Loss Statement (Laporan Laba atau Rugi perusahaan).
5. Utilizing Export Excel to save the file in Excel format.



Fig 2. SME Accounting Application



Fig 3. Presentation of Material



Fig 4. Practice with SME Accounting Application

3.3 Outcomes Achieved

After the community service activities were conducted, the Service Team attempted to contact one of the members of the Klubanostik MSME community who participated in the training event over the next 1-4 weeks. Tim Adimas asked whether they have tested or applied it in relation to the content provided in the field. Some of them have tried to use it effectively.



Fig 5. Photo with the Team and Members of Klubanostic

4. Conclusion

Based on the conclusions of this community service, they are as follows:

1. The UMKM Klubanostik community in Brebes Regency plays an effective role in the digital finance optimization training process, implementing it in accordance with the goals and objectives to be achieved.
2. The progress achieved in the training conducted is in line with expectations.
3. Participants, predominantly female, followed the training sessions and activities with great enthusiasm.

4.1 Suggestion

Some suggestions that can be conveyed include:

Market research and the creation of interactive content need to be conducted to strengthen the position of MSME products/services. A revolving loan or funding is required for business capital.

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