

THE ROLE OF FINANCIAL TECHNOLOGY IN IMPROVING THE EFFICIENCY OF FINANCIAL MANAGEMENT FOR MSME ACTORS IN KWALA SERAPUH VILLAGE LANGKAT REGENCY

Noni Ardian^{1*}
Maya Macia Sari²
Eli Delvi Yanti³
Suci Ramadhani⁴

^{*1, 2, 3, 4}Universitas Pembangunan Panca Budi, Indonesia

^{*1}email: noniardian@dosen.pancabudi.ac.id

Abstract: This study aims to examine the role of financial technology in improving the efficiency of financial management for MSME actors in Kwala Serapuh Village, Langkat Regency. The existence of Financial Technology is a crucial factor in the practice of financial management of MSMEs. This research uses a descriptive approach by involving surveys and interviews with MSME actors in Kwala Serapuh Village. The results showed that MSME players in Kwala Serapuh Village have not fully understood and utilized the potential of Fintech in financial records. Although some of them are aware of the existence of financial technology, limited understanding and accessibility are major obstacles. Therefore, this study provides recommendations for increasing understanding related to Fintech, as well as increasing the accessibility of financial technology for MSME players to increase efficiency and transparency in their financial management and improve MSME financial performance, as well as becoming a foundation for the development of more effective financial management strategies at the local level.

Keywords: Fintech, Financial Management, Financial Report, MSME

Introduction

Along with global developments that continue to grow, globalization has become a topic that is often discussed in various aspects of life (Setiawan et al., 2023). The development of financial technology (fintech) in Indonesia continues to increase. Based on Bank Indonesia report (2023), total fintech financing in the country reached IDR 319 trillion in 2022, a significant increase of 97% from the previous year. This development opens up opportunities for MSMEs to take advantage of digital-based financial services. Micro, Small and Medium Enterprises (MSMEs) are small businesses that include micro enterprises and their economic activities are carried out by individuals or households or one entity (Safitri, 2023). The number of MSMEs in Indonesia has increased very significantly, but along the way, not a few have failed until they have to go out of business (Rianto et al., 2020). However, it is undeniable that there are still several points that need improvement, improvement and involvement of other parties, so that the growth and development of MSMEs can be felt by the impact on the community (Dwilita & Sari, 2023).

Based on the latest data from the Ministry of Cooperatives and SMEs, the number of MSMEs in Indonesia reached 64.2 million units or around 99.9 percent of the total national business actors. MSMEs are able to absorb 97 percent of the national workforce (Junaidi, 2023). However, according to the Ministry of Cooperatives and SMEs(2022), as many as 63% of MSME players in Indonesia still face obstacles in accessing formal financial services.

Financial Technology (Fintech) is a collaboration of financial services with technology that

changes the business model of consumers who initially use cash face-to-face can now be done remote transactions by making payments through applications in seconds (Lestari et al., 2020) in (Dalimunthe et al., 2023). Digital financial management is an approach to managing business finances using digital technology and digital tools. The goal is to help companies optimize financial processes. Examples of digital financial management include payments using E-wallets, E-Money, Mobile Banking Transfer. Then record business income, business expenses, business assets, and business debts with Microsoft Excel, Sheets, or financial recording applications (Junaidi, 2023). The use of this technology can facilitate transaction recording, reduce the use of cash and the risk of losing money, provide access to capital, and improve understanding of financial management.

However, the level of fintech literacy and adoption in MSMEs is still relatively low. Data from the Ministry of Cooperatives and SMEs (2022) shows that only around 23.6% of MSME players have used fintech in their business activities. There are many obstacles faced by MSMEs as business people. Some business people or businesses still consider this financial management complicated, and require basic knowledge of good accounting, so there is an assumption that financial management does not need to be done (Ekaristi et al., 2023). MSMEs in the region still do not understand the benefits of fintech in improving the financial efficiency of their businesses. Problems are also experienced by MSMEs in Kwala Serapuh Village, Langkat Regency.

Kwala Serapuh MSME players have not implemented fintech features, especially digital payments and most payment transactions still use cash. This is because some MSME players do not know to use the fintech feature itself in developing their business. The high number of payment gateway users in the community makes MSME players realize that they must apply it to their business. Otherwise, it is not impossible to fall behind. In addition, MSME players also get more consumers without the need to do promotions, reduce operational costs, and have the opportunity to get higher income.

In terms of financing, there are still many MSME players who have difficulty getting access to credit from banks or other financial institutions. This is because MSMEs are considered to often have managerial factors and poor financial management. Many MSME players do not realize the importance of financial records and neat bookkeeping. In fact, with bookkeeping, business actors can find out whether their business is healthy or not. Research (Amalia, 2021) shows that the weak financial knowledge of village MSME actors has an impact on less than optimal business financial management, such as recording transactions and preparing financial statements. This condition is prone to worsen the credit quality of MSMEs in the eyes of formal financial institutions (Karim et al., 2020).

This study will analyze the role of financial technology in improving the efficiency of MSME financial management in Kwala Serapuh Village, Langkat Regency. Research conducted by Rumondor dkk. (2021) shows that the use of fintech lending can significantly improve the financial performance of MSMEs. A study is needed to analyze the potential use of fintech to overcome financial management problems faced by Kwala Serapuh MSMEs. The research aims to assess the role of fintech in improving the efficiency of financial management of MSME actors in the village.

Literature Review

Micro, Small, and Medium Enterprises (MSMe)

MSMEs or Micro, Small and Medium Enterprises are productive businesses owned by individuals or business entities with certain asset and turnover criteria according to the law (T. Tambunan, 2012). MSMEs have a strategic role in national economic development, both as major players in economic activities and as stabilizers of the national economy during an economic crisis (Yunus, 2021).

In Indonesia, the definition of MSMEs is regulated in Law of the Republic of Indonesia No.

20 of 2008 concerning MSMEs. Article 1 of the Law states that micro enterprises are productive businesses owned by individuals and/or individual business entities that have micro business criteria as stipulated in the Law. Small business is a productive economic business that stands alone, carried out by individuals or business entities that are open as subsidiaries or not subsidiaries owned, controlled or become a part, either directly or indirectly, of medium enterprises or large businesses that meet the criteria for small businesses as referred to in the Law (T. T. H. Tambunan, 2009).

Fintech comes from the term financial technology or financial technology. According to The National Digital Research Centre (NDRC), in Dublin, Ireland, defines Fintech as “innovation in financial services” or innovation in fintech financial services is an innovation in the financial sector that gets a touch of modern technology. Fintech itself is defined as the use of technology in the financial system that produces new products, services, technology, and/or business models and can have an impact on monetary stability, financial system stability, and payment system efficiency, smoothness, security, and constraints (Rianto et al., 2020).

Bank Indonesia defines Financial Technology (Fintech) “as a phenomenon of fusion between technology and financial features that transform business models and a weak barrier to entry which lead to raises unregulated players to run the service as well as regulated financial financial institution”. According to this definition, the presence of fintech actually has a positive influence on the macro economy. Fintech can reach people to remote areas that have not been reached by banks (P. B. Sari & Dwilita, 2018). Financial Technology is a development in the financial services industry that utilizes technology to improve the effectiveness and efficiency of financial services and transactions (Dinar, 2020). inancial activities related to fintech, for example, are buying and selling shares, financial financing, providing P2P credit, small business investment, money transfers, personal financial plans, etc. (Masruil et al., 2022).

Some examples of fintech technology include mobile payments, peer-to-peer lending, robo advisors, crowdfunding, blockchain, and cryptocurrency. The development of fintech is believed to be able to change the business model of banking and financial services significantly (Zavolokina et al., 2016). With the rapid advancement of information and communication technology (ICT), the financial services industry is now facing new challenges and opportunities from the emergence of various fintech innovations that promise transaction cost efficiency, transfer speed, and wider access to capital (Surya, 2017).

Literally financial management (financial management) comes from the word management which means managing and finance which means things related to money such as financing, investment and capital. So that if it is concluded financial management can be interpreted as all activities related to how to manage finances that begin with obtaining funding sources, using funds as well as possible to allocating funds to investment sources to achieve company goals (Armereo et al., 2020).

Financial management according to (Yusanti, 2020) in research (M. M. Sari et al., 2023) is a money management activity in everyday life carried out by individuals or groups that have the aim of obtaining financial well-being. According to (Syaula et al., 2023) financial management is the most important activity to pay attention to because the initial goal of MSME owners is to generate income. Increased income must certainly be encouraged by many managerial activities, especially financial management.

Method

Research method is a method used to explore and examine a problem that is scientifically proven in order to get accurate data by knowing the final results of the research carried out. This study used qualitative descriptive method. The qualitative descriptive method is a research method based on the philosophy of postpositivism which is used to examine the natural condition of objects

as they are, where researchers here run as a key data collection technique that is carried out by triangulation (combined) (Sugiyono, 2016). Qualitative research focuses on substantive and formal theories whose truth is recognized. The type of writing used is descriptive with the aim of explaining the problem accurately related to facts and causation and observed phenomena (Masruil et al., 2022). To understand what the central symptom looks like, researchers interview research sources or participants by asking general and rather broad questions (Raco, 2010). Data collection techniques used are observation, interviews and literature / documentation studies. With a sample of 32 respondents.

Result and Discussion

Overview of Kwala Village as Fragile

Kwala Serapuh Village is a village located in Hinai District, Langkat Regency, North Sumatra Province. This village has an area of about 42 km² with a population of about 4,500 people. Kwala Serapuh village is surrounded by oil palm plantations. The majority of these villagers work as farmers and laborers of oil palm plantations. Other livelihoods are fishermen, merchants, craftsmen, and clerks. Facilities and infrastructure in Kwala Serapuh Village are relatively minimal. The village road is still an unpaved dirt and stone road. New educational facilities at the elementary and junior high levels. Health facilities are only in the form of posyandu and polindes. Kwala Serapuh Village has potential in the agricultural and plantation sectors, especially oil palm plants. Another potential is forest products in the form of rattan, wood species, and forest honey. The potential for fisheries is also quite large considering that this village is close to the mouth of the Wampu River.

Overview of Research Respondents

The population in this study is food MSME actors in Kwala Serapuh Village, Langkat Regency, with a sample of 32 respondents. By using Purposive sampling techniques, the minimum length of business is 2 years, and there is an increase in turnover every year. To obtain respondent data through the results of questionnaires, researchers get data, namely data on gender, age, length of business, and turnover.

Table 1. Characteristics of Respondents Based on the Gender of MSME Actors

No.	Gender	Frekuensi	Presentase
1	Laki-laki	20	62,5
2	Perempuan	12	37,5
Sum		32	100

Source: Primary Data (Researcher, 2024)

From Table 1. It is known that in this study as food MSME actors in Kwala Serapuh Village, as many as 20 people (62.5%) were men while the remaining 12 people (37.5%) were women. In this study, men are more MSME actors than women because these businesses are a source of family income.

Table 2: Characteristics of Respondents Based on the Age of MSME Actors

No	Age	Frekuensi	Presentase
1	21 – 30 years	4	12,5
2	31 – 40 years	9	28,125
3	41 – 50 years	14	43,75
4	51 – 60 years	5	15,625

Sum	32	100
-----	----	-----

Source: Primary Data (Researcher, 2024)

From Table 2. grouping respondents based on the age of MSME actors, at the age of 21-30 years there are 4 people (12.5%), aged 31-40 years there are 9 people (28.125%), aged 41-50 years there are 14 people (43.75%), aged 51-60 years there are 5 people (15.625%). In this study, the age of respondents was at most 41-50 years, which was 14 people (43.75%).

Tabel 1: Karakteristik Responden Berdasarkan Lama Usaha

No	Length of Business	Frekuensi	Presentase
1	3 – 5 years	22	68,75
2	6 – 8 years	6	18,75
3	9 – 11 years	2	6,25
4	12 - 15 years	2	6,25
Sum		32	100

Source: Primary Data (Researcher, 2024)

From Table 3. Grouping respondents based on length of business, in 3-5 years there are 22 businesses (68.75%), 6-8 years there are 6 businesses (18.75%), 9-11 years there are 2 businesses (6.25%), 12-15 years there are 2 businesses (6.25%). In this study, the maximum length of business is 3-5 years, which is 22 businesses (67.75%) because there are still many MSMEs that are still developing.

Table 4: Respoden Characteristics Based on Business Turnover Obtained Each Month

No	Omset usaha (bulanan)	Frekuensi	Presentase
1	< Rp 5.000.000	23	71,875
2	> Rp 5.000.000 - Rp 10.000.000	8	25
3	> Rp 10.000.000 - Rp 15.000.000	0	0
4	> Rp 15.000.000 - Rp 20.000.000	0	0
5	> Rp 20.000.000	1	3,125
Jumlah		32	100

Sumber: Data Primer (Peneliti, 2024)

From Table 4. Grouping respondents based on business turnover obtained each month. In < turnover of IDR 5,000,000 there are 23 businesses (71,875%), turnover of > IDR 5,000,000 - IDR 10,000,000 there are 8 businesses (25%), turnover > IDR 10,000,000 - IDR 15,000,000 there are 0 businesses (0%), turnover > IDR 15,000,000 - IDR 20,000,000 there are 0 businesses (0%), turnover > IDR 20,000,000 there is 1 business (3.125%). In this study, the business turnover obtained every month by MSMEs is at most a turnover of < IDR 5,000,000 there are 21 businesses (70%).

Implementation Fintech (Financial Thecnology) of MSME Actors

Kwala Serapuh Village is a village located in Labuhan Ratu District, Bandar Lampung Regency. Most of the people in this village work as micro, small and medium enterprises (MSMEs). But unfortunately, the level of knowledge and utilization of digital financial technology by MSME players in this village is still relatively low. Based on the results of a survey conducted on 32 MSME players in Kwala Serapuh Village, it is known that 80% of them have never used any digital financial services in running their businesses. As many as 11 people (36%) admitted that they did not know anything about mobile banking, internet banking, or e-wallets. While 20 people (64%) have heard of these terms but do not understand how they are used. The use of fintech lending services is also still very minimal. Only 1 MSME player (6%) has ever applied for a business capital loan through a fintech lending platform. Most still rely on savings and loan cooperatives or local loan sharks to obtain capital loans.

The majority of MSME actors in Kwala Serapuh Village still do financial records manually and some even do not record at all. Financial technology services such as mobile/internet banking are only used for interbank money transfers by 12 people (24%). With this data, it can be concluded that the level of digital financial literacy and inclusion among MSME players in Kwala Serapuh Village is still very low. Massive education and promotion efforts are needed so that they can take advantage of various financial technologies that are already available to develop their business.

The Role of Financial Technology in Efficient MSME Financial Management

The development of financial technology today greatly helps MSMEs in managing their finances more efficiently. This is as said by (Hadad, 2017) that "Financial technology is an innovation in the field of financial services that aims to improve the efficiency of the financial system." With the help of financial technology, the way MSMEs get additional capital becomes easier. As revealed by Risfandy (2019) " Financial technology opens access for MSMEs to get additional capital through online technology-based funding platforms."

Types of financial technology that help MSMEs in obtaining additional capital include peer-to-peer lending (P2) platforms. P2P platform applications are Amarnya, Koinworks, Akseleran, Modalku, Findaya, Danamas, Investree, etc. Through this platform, MSMEs can get capital loans from investors online. No need to go to a bank or cooperative to take care of loans. The loan application process and credit analysis are also carried out digitally through financial technology. This is in accordance with the statement (Atmaja & Purnamawati, 2020) that "Peer-to-peer lending makes it easier for MSMEs to get additional business capital without collateral".

In addition to obtaining capital, financial technology also helps MSMEs in terms of digital payments. MSMEs can now accept a variety of cashless payments from consumers through digital wallets (Gopay, OVO, Dana, LinkAja, Sakuku, Doku Wallet, Shopeepay, etc.). Near field communication (NFC), quick response (QR) code, and unified payment interface embedded in smartphones allow payment transactions to be very practical. As stated by (Putri, 2021) hat "Digital payments increase transaction convenience for MSME players and their consumers."

Financial technology also plays a role in the efficiency of MSME financial records. Various online-based accounting applications are now available to assist MSMEs in recording their finances. For example: Business Friends, My Financial, Mint, Quickbooks, Wave, Jubelio, etc. Data on sales, purchases, accounts receivable, and other financial transactions can be recorded neatly digitally. This is in line with opinion (Widjaja et al., 2018) that "Online-based MSME accounting applications are very helpful in the efficiency of financial records."

Conclusion

Research shows that the use of financial technology such as digital payments, digital wallets, digital capital loans, and digital application financial records by MSME players in Kwala Serapuh Village is still very limited. However, MSMEs that have implemented financial technology have stated that there has been a significant increase in efficiency in terms of transactions, access to capital, and financial management. Therefore, more massive socialization and assistance related to the use of various financial technologies are needed so that all MSMEs can use them to improve the efficiency of their financial management.

References

- Amalia, S. R. (2021). *Pengaruh Pengelolaan Keuangan Terhadap Omzet Usaha Mikro Kecil dan Menengah (UMKM) di Kelurahan Menteng Kecamatan Jekan Raya Kota Palangkaraya*. Institut Agama Islam Negeri Palangka Raya.
- Armereo, C., Marzuki, A., & Seto, A. A. (2020). *Manajemen Keuangan (Edisi Pertama)*. Nusa Litera Inspirasi.
- Atmaja, I. K. E., & Purnamawati, I. G. A. (2020). Pengaruh Modal Sosial, Modal Manusia, Biaya Transaksi terhadap Kesuksesan UMKM Industri Seni Lukisan di Kabupaten Buleleng. *JIMAT (Jurnal Ilmiah Mahasiswa Akuntansi) Undiksha*, 11(3), 374–384.
- Bank Indonesia. (2023). *Laporan Perekonomian Indonesia Tahun 2023*. https://www.bi.go.id/id/publikasi/laporan/Pages/LPI_2023.aspx
- Dalimunthe, W. M., Rahma, T. I. F., & Syarvina, W. (2023). Efektivitas Fintech Melalui Digital Payment terhadap Perkembangan UMKM di Indonesia. *Reslaj : Religion Education Social Laa Roiba Journal*, 5(6), 3296–3306. <https://doi.org/10.47467/reslaj.v5i6.1059>
- Dinar, T. (2020). *Fintech Syariah: Teori dan Terapan*. Scopindo Media Pustaka.
- Dwilita, Handriyani & Sari, P. B. 2023. Persepsi Pelaku Usaha Gula Merah atas Pentingnya Laporan Keuangan untuk Memprediksi Kelangsungan Usaha. *ARBITRASE: Journal of Economics and Accounting*. 3(3). 735-742.
- Ekaristi, C. Y. D., Kusumaningrum, H. P., Denis, Aresteria, M., & Purwienanti, E. N. F. (2023). Digitalisasi Pengelolaan Keuangan UMKM Kabupaten Batang. *Jurnal Abdimas Ilmiah Citra Bakti*, 4(3), 587–605.
- Hadad, M. D. (2017). *Financial Technology (FinTech) di Indonesia. Kuliah Umum tentang FinTech - IBS*.
- Junaidi, M. (2023, July 15). *UMKM Hebat, Perekonomian Nasional Meningkat*. Kemenkop UKM. <https://djpb.kemenkeu.go.id/portal/id/berita/lainnya/opini/4133-umkm-hebat,-perekonomian-nasional-meningkat.html>
- Karim, M., Salman, D., Genisa, J., & Rahmadanih. (2020). Competitiveness and SMEs Production Sustainability Through the Cleaner Production (Case Study: SMEs of Fish Processing Unit in Pinrang Regency, Indonesia). *IOP Conference Series: Earth and Environmental Science*, 473(1), 012019. <https://doi.org/10.1088/1755-1315/473/1/012019>
- Kementerian Koperasi dan UKM. (2022). Peraturan Menteri Koperasi dan Usaha Kecil dan Menengah Nomor 11 Tahun 2022 tentang Organisasi dan Tata Kerja Kementerian Koperasi dan Usaha Kecil dan Menengah. In *Kementerian Koperasi dan UKM*. BN.2022/No.1159, peraturan.go.id: 63 hlm.
- Lestari, D. A., Purnamasari, E. D., & Setiawan, B. (2020). Pengaruh Payment Gateway terhadap Kinerja Keuangan UMKM. *Jurnal Bisnis, Manajemen, Dan Ekonomi*, 1(1), 1–10. <https://doi.org/10.47747/jbme.v1i1.20>
- Masruil, P. I. A., Salsabila, F. T., & Fitrianto, A. R. (2022). Peran Fintech dalam Perkembangan UMKM Guna Mendorong Pemulihan Ekonomi. *Jimek : Jurnal Ilmiah Mahasiswa Ekonomi*, 5(1), 87–103.

- Putri, N. I. (2021). Analisis Pengaruh Persepsi Kemudahan, Manfaat, Kenyamanan terhadap Keputusan Pembelian Online Studi Kasus Layanan Gopay. *Journal of Entrepreneurship, Management and Industry (JEMI)*, 4(1), 25–53. <https://doi.org/10.36782/jemi.v4i1.2162>
- Raco, J. (2010). *Metode Penelitian Kualitatif: Jenis, Karakteristik, dan Keunggulannya*. PT Grasindo.
- Rianto, H., Olivia, H., & D. Fahmi, A. (2020). Penguatan Tata Kelola dan Manajemen Keuangan apda Pelaku Usaha di Kawasan Wisata Tiga Ras Danau Toba. *JMM (Jurnal Masyarakat Mandiri)*, 4(2), 291–299.
- Safitri, M. (2023). Penerapan Manajemen Keuangan dan Pengelolaan Keuangan Sederhana bagi Pelaku UMKM. *Karimah Tauhid*, 2(4). <https://doi.org/https://doi.org/10.30997/karimahtauhid.v2i4.8933>
- Sari, M. M., Yanti, E. D., & Doni, R. R. (2023). Financial Literacy Analysis, Financial Management and Needs for Economic Conditions (Case Study of Kwala Serapuh Village Community, Langkat). *International Journal of Management, Economic and Accounting*, 1(2), 332–348. <https://doi.org/10.61306/ijmea.v1i2.37>
- Sari, P. B., & Dwilita, H. (2018). Prospek Financial Technology (FinTech) di Sumatera Utara Dilihat dari Sisi Literasi Keuangan, Inklusi Keuangan, dan Kemiskinan. *Kajian Akuntansi*, 19(1), 9–18.
- Setiawan, N., Andika, R., & Wahyono, T. (2023). Analysis of Unique Resource Capabilities and Social Commerce Against Competitive Advantages in SMEs in Klambir Lima Village. *International Journal of Research and Review*, 10(5), 30–36. <https://doi.org/10.52403/ijrr.20230506>
- Sugiyono. (2016). *Metode Kuantitatif, Kualitatif, dan R&D*, Cetakan ke-24. CV Alfabeta.
- Syaula, M., Amelia, O., & Pramono, C. (2023). Analisis Pengelolaan Keuangan UMKM untuk Meningkatkan Ekonomi Setelah Pandemi di Desa Kota Pari. *Jurnal Bisnis Net*, 6(1), 9–15. <https://jurnal.dharmawangsa.ac.id/index.php/bisnet/article/view/3381/2215>
- Tambunan, T. (2012). *Usaha Mikro Kecil dan Menengah di Indonesia: Isu-isu Penting*. LP3ES.
- Tambunan, T. T. H. (2009). *UMKM di Indonesia*. Ghalia Indonesia.
- Widjaja, Y. R., Fajar, C. M., Bernardin, D. E. Y., Mulyanti, D., & Nurdin, S. (2018). Penyusunan Laporan Keuangan Sederhana untuk UMKM Industri Konveksi. *Jurnal Abdimas BSI*, 1(1), 163–179.
- Yunus, M. (2021). Strategi Pengembangan UMKM di Provinsi Jawa Tengah Melalui Pendekatan Analisis SWOT Balanced Scorecard. *Kajian Ekonomi Keuangan*, 3(1), 217–228.
- Yusanti, A. P. (2020). Pengaruh Gaya Hidup, Kecerdasan Spiritual dan Jenis Kelamin terhadap Perilaku Pengelolaan Keuangan Keluarga. *Accounting Analysis Journal*, 0–18.
- Zavolokina, L., Dolata, M., & Schwabe, G. (2016). The FinTech Phenomenon: Antecedents of Financial Innovation Perceived by the Popular Press. *Financial Innovation*, 2(1), 16. <https://doi.org/10.1186/s40854-016-0036-7>