

The Importance of Implementing Android-Based Financial Applications in MSME Financial Reports in Kota Pari Village

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Abstract—Financial applications are urgently needed by MSMEs in managing finances effectively and efficiently, so that they can improve the quality of financial reports. The purpose of the study is to analyze how important the application of Android-based financial applications is to the financial statements of MSMEs in Kota Pari Village, Serdang Bedagai. The research method used is descriptive using a qualitative approach. This study uses case studies with data collection techniques through observation, interviews, and documentation. The results of the study show that the application of Android-based financial applications to MSMEs in Kota Pari Village, Serdang Bedagai provides significant benefits. This application can help MSMEs in recording financial transactions, compiling income statements, balance sheets, and cash flow in a more structured manner. In addition, this application also makes it easier for MSMEs to apply for credit and get financial support from financial institutions. Thus, the application of Android-based financial applications to MSMEs in Kota Pari Village, Serdang Bedagai is very important to improve the quality of financial reports and support business growth.

Keywords—Android Based Financial App; Financial Statements; MSMEs; Android Based;

I. INTRODUCTION

MSMEs are one of the important components of the Indonesian economy, which contributes significantly to Gross Domestic Product and labor absorption [1]. However, MSMEs often face obstacles in financial management, especially in the preparation of accurate and transparent financial statements [2], [3]. The Indonesian government is making various efforts to encourage the advancement and development of MSMEs, one of which is by carrying the tag line "MSMEs Upgrade to the Highest Level". With this tag line, it can be realized by the application of digital technology in making financial reports using an android-based financial application [4], [5]. Financial applications can help MSMEs in recording transactions, making profit and loss statements, balance sheets, and cash flows in a more structured and efficient manner [3], [6]. Android-based financial applications

used by MSMEs in making financial reports can improve the quality of financial reports, making it easier to access financial support from financial institutions or various assistance from the government and private parties [7].

Kota Pari Village, Serdang Bedagai has a beach tourist attraction so that there are many MSMEs that can support tourist attractions to operate optimally in meeting the needs of tourists so as to increase community income which has an impact on improving the welfare of the community in Kota Pari Village, Serdang Bedagai [8], [9], [10]. The results of the situation analysis concluded that most MSMEs in Kota Pari Village still use manual and simple financial recording [11], [12], [13]. This has an impact on the inaccuracy of financial statements, making it difficult for MSMEs to access credit and other financial support [14], [15].

Therefore, this study aims to analyze the importance of the application of Android-based financial applications to MSME financial statements in Kota Pari Village, Serdang Bedagai [16]. The results of the research are expected to provide insights and recommendations for MSMEs in the area to utilize digital technology in financial management [17], so that it can improve the quality of financial reports and support business growth [18], [19], [20].

II. LITERATURE REVIEW

1. The Importance of Financial Reports for MSME Actors

The benefits of preparing financial statements for MSME actors are as a basis for consideration to make decisions, to obtain loans or investor capital, for tax purposes and so on. MSMEs based on Law No. 11 of 2020 concerning MSMEs, with the following criteria: Micro Enterprises are productive businesses owned by individuals or individual business entities that meet the criteria for Micro Enterprises as regulated in the law. Small business is an independent economically productive business, which is carried out by an individual or business entity that is not a subsidiary or not from a branch of a company that is controlled or owned as a direct or indirect part of a Large Business or Medium



Business that meets the criteria for Small Business as intended in the law. The criteria for Micro Businesses, are: Micro businesses have a maximum business capital of Rp.1,000,000,000 (one billion rupiah) excluding land and buildings where they are businesssed, medium businesses that have an annual sales revenue of at most Rp.2,000,000,000 (two billion rupiah), medium businesses have an annual income of more than Rp 15,000,000,000 (fifteen billion rupiah) to a maximum of Rp 50,000,000,000 (fifty billion rupiah). An example of a small business is *the laundry business*, small businesses have a business capital of more than 800 million rupiah to a maximum of 1 billion rupiah, excluding land and buildings where the business or business is located. For annual results, small businesses have a revenue of more than 200 million rupiah. From the data above, *the laundry business* must also use an android-based financial application using the Hui Post Application, so that the bookkeeping is recorded neatly and later it will be able to be used as the owner of the *laundry* to get data from outside. The Importance of Using an Android-based Accounting System using the Hui Pos application for MSMEs, especially *Laundry* because it is easy to apply, and the work is much easier and smoother.

2. Preparation of Financial Statements

Financial statements are a structured presentation of the financial position and financial performance of an entity, to provide information about the financial position, financial performance, and cash flow of an entity that is useful for most financial report users in making economic decisions.

Financial statements present in a reasonable manner the financial position, financial performance, and cash flow of an entity. Fair presentation requires an honest presentation of the impact of transactions, other events and conditions in accordance with the definition and criteria for recognition of assets, liabilities, revenues and expenses as stipulated in the Basic Framework for the Preparation and Presentation of Financial Statements, Application of SAK, with additional disclosures if necessary, considered to result in the fair presentation of financial statements.

Entities whose financial statements have been compliant with SAK make statements explicitly and without exception about compliance with SAK in the records to the financial statements. An entity may not mention that the financial statements have complied with SAK unless the financial statements have complied with all the requirements in the SAK. So, the preparation of Financial Statements is a process carried out to present information, including accounting policies so that it can produce relevant information, and can be accounted for and to find out the truth of the financial statements of an entity for all that is required in accordance with the applicable SAK.

3. Financial Accounting Standards for Entities, Micro, Small and Medium

The Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM) are prepared to meet the financial reporting needs of entities, micro, small, and medium entities intended for use by entities that are not or have not been able to meet the accounting requirements regulated in SAK-ETAP. Seeing that many MSME actors do not understand the presentation of financial statements based

on SAK-ETAP which is considered to be still not simple and considering the importance of accounting for MSME actors for the progress of their business, IAI through the Financial Accounting Standards (DSAK) board on October 24, 2016 ratified the Financial Accounting Standards for Micro, Small, Medium Entities (SAK-EMKM) which is effective from January 1, 2018. The regulation of financial statements in SAK-EMKM is based on historical costs. This means that the recognition of an asset is presented based on the value when obtained, which is the amount of cash issued by the entity. Likewise, liabilities are measured in the amount of cash received at the time of a liability transaction or in the amount of cash that will be paid by the entity. The presentation of a Financial Statement must be reasonable on the condition of presenting relevant information, comparability, appropriate representation and understanding.

SAK-EMKM requires that the minimum financial statements of EMKM consist of:

1. Statement of financial position at the end of the period
Presenting information about assets, liabilities, and equity at the end of the reporting period. An entity's financial position statement may include the following accounts:
 - a) Cash and cash equivalents.
 - b) Receivables.
 - c) Supplies.
 - d) Fixed assets.
 - e) The result of the work.
 - f) Bank debts.
 - g) Equity.
2. Income statement for the period
the financial performance of the entity for a period. The pat income statement includes the following accounts:
 - a) income.
 - b) finance.
 - c) Tax burden
3. Notes on Financial Statements
Regulates the principles underlying the information presented in the notes to the financial statements and how it is presented. Notes on the financial statements contain:
 - a) A statement that the financial statements have been prepared in accordance with the SAK EMKM.
 - b) Overview of accounting policies.
 - c) Additional information and certain account details that describe material transactions so that it is useful for users to understand the financial statements.

III. METHODS

The research approach is carried out qualitatively with the type of descriptive research. The research data is sourced from interviews or surveys to respondents.

1. Research Stages

The research stage begins with research preparation by conducting a literature study on MSME financial management, android-based financial applications, and the challenges of MSMEs in making financial reports. Then prepare the equipment and equipment needed for data

collection. Then collect data on MSMEs in the village of Pari Serdang Bedagai through interviews, questionnaires and observations. After the data is collected, the data analysis stages are carried out consisting of qualitative and quantitative analysis. Then formulate the results of the research. The stages of the research carried out are as shown in figure 1.



Figure 1. Research stages

2. Research Variables

- a. Implementation of the Implementation of Android-Based Financial Application Development on MSME Financial Reports in Kota Pari Serdang Bedagai Village and its impact on financial performance.
- b. Factors that hinder the adoption and optimization of the application of android-based financial application development to MSME financial statements in Pari Serdang Bedagai City Village.

3. Data Collection Techniques

The data collection in this study is by the way the researcher goes directly to MSMEs and is assisted by a recording device that is useful to check again when there is an explanation or information that is missed and not recorded by the researcher. The explanation of data sources and data collection techniques is as follows:

a. Data source

The data sources used in this study used primary data obtained directly from business owners and employees (resource persons) both orally and in writing as well as other data found at the researcher's location and Secondary Data obtained from other sources that are already available such as transaction notes and transaction records related to the preparation of financial statements.

b. Data Collection Techniques

Data collection techniques are carried out by interviews, observations and documentation. The following is a table of interview guidelines conducted by the research as follows:

No	Application of Android-Based Financial Application Development to MSME Financial Reports in Pari Serdang Bedagai City Village.	The Essence of the Question
1.	Implementation of Android-Based Financial Application Development for MSME Financial Reports in Pari Serdang Bedagai City Village.	The extent of the implementation of the Implementation of Android-Based Financial Application Development on MSME Financial Reports in Pari Serdang Bedagai City Village.
2.	The Impact of the Implementation of Android-Based Financial Application Development on MSME Financial Reports in Pari Serdang Bedagai City Village.on the Financial Performance of MSMEs	The impact felt from the Implementation of Android-Based Financial Application Development on MSME Financial Reports in Pari Serdang Bedagai City Village.on the financial performance of MSMEs.
3.	Hindering factors in adopting and implementing the Implementation of Android-Based Financial Application Development to MSME Financial Statements in Pari Serdang Bedagai City Village.	Inhibiting factors felt by MSME actors in Pari Serdang Bedagai City Village when adopting and implementing the Implementation of Android-Based Financial Application Development for MSME Financial Reports in Pari Serdang Bedagai City Village.

2. Data Analysis Methods

Data analysis is the process of processing research results starting from compiling, grouping, analyzing and interpreting data in patterns and relationships between concepts and formulating it in relationships between other elements so that it is easy to understand and understand. The data that has been collected is then analyzed by:

a. Data Reduction

The data obtained by researchers from the field is written in the form of a detailed description or report. This report will continue to grow so that it will add difficulties for researchers if it is not analyzed immediately. Therefore, researchers reduce data by systematically compiling data, highlighting

important points so that they are easier to control. Data reduction that researchers do is in the form of summarizing and selecting important things to then be put together, as Sugiyono said, reducing data means summarizing, choosing the main things, focusing on important things, looking for themes and patterns. Thus the data that has been reduced will provide a clearer picture, making it easier for researchers to collect further data and search for it when needed. The reduced data will provide a sharper picture of the observations and make it easier for researchers to retrieve the data obtained when needed. Data reduction can also help assign code to certain aspects. The data reduction that the researcher does is by selecting and sorting the data based on the number of informants who mention the problem, then the researcher makes it in a narrative and then the researcher simplifies it by choosing similar things to make it easier to present it.

b. Data Display

Once the data is reduced, the next important flow in data analysis is data presentation. The most commonly used presentation in qualitative research is the form of narrative text. Narrative presentation needs to be complemented by various types of matrices, graphs, networks and charts. All of them are designed to combine information arranged in a cohesive and easily achievable form. In qualitative research, data presentation can be done in the form of brief descriptions, charts, relationships between categories, *flowcharts* and the like, which are most often used to present data in qualitative research is with narrative text. Meanwhile, according to Nasution, displaying data can be done by making graphs or others. The presentation of the data made by the researcher is in the form of descriptive text. The researcher chose to present this kind of data because according to the researcher it is easier to understand and do. If there are several tables that the researcher presents, it is only a complement.

c. Conclusion Drawing and Verification

The third step in qualitative data analysis is drawing conclusions and verification. The initial conclusions presented are still provisional, and will change if strong supporting evidence is not found at the next stage of data collection. It is better to draw conclusions from the beginning of the research, as Nasution said from the beginning the researcher tried to find the meaning that he collected, for that the researcher looked for patterns, themes, relationships, similarities, things that often arise, hypotheses.

IV. CONCLUSION

1. Obstacles to MSME Financial Management in Kota Pari Village:
MSMEs in Kota Pari Village have difficulties in making financial reports manually, especially related to transaction recording, calculation, and preparation of financial statements. Most MSMEs do not have an adequate understanding of the importance of good financial management for business sustainability.
2. The Need for Android-Based Financial Applications for MSME Actors in Kota Pari Village:
MSMEs in Kota Pari Village need an android-based financial application that can facilitate and speed up the process of recording, calculating, and preparing financial reports.

Android-based financial applications are expected to increase accuracy, efficiency, and transparency in MSME financial management.

3. The Importance of Implementing Android-Based Financial Applications:

The application of android-based financial applications can help MSMEs in Pari City Village in making financial reports in a timely manner and in accordance with accounting standards. Android-based financial applications can encourage the improvement of MSME managerial capabilities, especially in terms of financial management, so that it can improve business performance and competitiveness.

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