



Analysis of Utilization of Online Financial Applications as Financial Management Media For UMKM

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Abstract: The rapid development of technology today has influenced various sectors of life and industries worldwide, especially in Indonesia. This situation has led everyone to strive to make good use of technology and shift towards various types of digital media. Numerous changes have been made from initially using conventional methods to transitioning to the use of digital media. One notable example is in the realm of financial management media. There are many applications and websites created to facilitate individuals or business owners in financial management. Two examples are the BukuWarung application and the TemanBisnis application, both serving as tools for personal or business financial management. This research analyzes the impact of these two applications on online financial management through direct observation of their applications, examining reviews and user opinions related to these applications. Additionally, a literature review is conducted from various sources related to the use of online financial applications and financial management media. The aim of this research is to understand the usefulness of online financial applications as a means of financial management for individuals or businesses. The findings of this research demonstrate that online financial applications like BukuWarung and TemanBisnis are highly beneficial in managing business finances. They enable the regulation of income, expenses, investments, debts, and financial reporting

Keywords: Online Financial Applications, Utilization, Financial Management

INTRODUCTION

Currently, technological advancements are rapidly progressing and penetrating various sectors and industries, including education, marketing, and finance. This development has prompted the creation of applications, whether web-based or mobile. One of the uses of information technology in the financial sector is the development of online financial management applications. There are numerous paid and even free online financial applications available today that can assist in easily recording financial management.

These applications are designed to be user-friendly, allowing the public to understand their functionality and features for efficient and quick financial recording and management, ensuring that finances are well-controlled. Upon closer inspection, it becomes apparent that many individuals, especially small and medium-sized enterprises (UMKM), struggle to manage their finances effectively, leading to uncontrolled and overlooked financial

expenditures. This, in turn, results in larger problems such as insufficient funding or, in the worst-case scenario, the easy bankruptcy or collapse of businesses.

Additionally, some businesses still rely on conventional methods of financial management and record-keeping, such as manual ledgers or paper, which can be challenging to manage as the volume of records increases. Consequently, the gains and losses of businesses cannot be clearly assessed [1]. However, effective and optimal financial management is crucial for any business, serving as a foundation for business development and growth.

Apart from technological advancements, global circumstances, particularly the 2019 pandemic, have compelled various entities to use technology more frequently and shift numerous activities online, especially in financial activities. This underscores the importance of digitalization in various aspects of business. There are numerous free online financial applications available for use by anyone, including desktop and Android-based applications, as well as websites with various features tailored to users' needs. Based on the aforementioned explanation, the author has decided to conduct research with the title "Analysis of Utilization of Online Financial Applications as Financial Management Media For UMKM"

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Financial Management

Management can be defined as the organization's intent to achieve its goals efficiently and effectively, directed towards information, physical assets, finances, and human resources as organizational resources through a series of activities such as control, leadership, organization, and planning in decision-making [2]. Financial management has a broader meaning, not only prioritizing the activity of acquiring funds but also emphasizing the activities of acquiring and utilizing those funds, as well as their management [1]. Financial management is an art performed by an individual in financial management to be beneficial, effective, and efficient in achieving the company's goals, thereby improving the well-being of that individual [3]. Storage, retrieval, control, management, examination, budgeting, and financial planning can also be interpreted as activities in financial management. This understanding relates to the activity of fund management, which is the allocation and management of available funds as efficiently as possible after obtaining them [4].

Micro, Small, and Medium Enterprises (UMKM) play a strategic role in the improvement of the economy and well-being in Indonesia. The contribution of UMKM is significant to the Gross Domestic Product (GDP) and increases employment opportunities, thereby reducing unemployment rates. Therefore, the existence and development of UMKMs need to be maintained, including enhancing the skills of UMKM operators, especially in the field of finance. Siagian & Indra (2019) revealed that UMKM operators face various issues and challenges, particularly in financial management, especially in terms of financial record-keeping and reporting. However, proper financial recording and reporting are crucial factors for the success of UMKMs [6].

In its implementation, to maintain financial health in an organization, actions known as financial management are typically taken. Therefore, it is essential to have a good identification of the principles of financial management to establish effective financial management. In this regard, there are several principles that an organization should consider [5] namely:

1. Consistency

In an organization, time to time, financial systems and policies must be consistent. This does not mean that if there is a change in the organization, the financial system is not allowed to be adjusted. Manipulation in financial management is one sign that financial management does not apply consistent approach.

2. Accountability

The purpose of this principle is an explanation of how the use of authority, equipment, and funds provided by third parties is in accordance with legal and moral obligations attached to organizations, groups, or even individuals. In this case, it is necessary to provide an explanation given by an organization regarding what they have achieved and how to use resources which is a proof of responsibility to the beneficiaries or stakeholders.

3. Transparency

On this principle, an organization should be more open to stakeholders, regarding the information it provides about its plans and activities, as well as about its work. These include the preparation of reports that are on time, complete, accurate, and easily accessible to beneficiaries or stakeholders.

4. Viability

To ensure that the organization's finances are maintained, it is necessary to make adjustments to the funds received from the operational and strategic expenditures of the organization. This viability can be referred to as a measure of the sustainability and financial security of an organization.

5. Integrity

Good integrity must be possessed by individuals involved in carrying out operational activities in an organization. Apart from individuals, it is also important to pay attention to financial record and report whose integrity must also be properly maintained by ensuring the accuracy and completeness of financial record.

6. Stewardship

From the funds obtained by an organization, there needs to be good management with guarantees that the use of funds is appropriate to achieve organizational goals. In practice, things that organizations can do to manage finances well are: create a control system and financial system that fits the organization, identify financial risks, and be careful in strategic planning.

7. Accounting Standards

The accounting and financial systems used by the organization must comply with generally accepted accounting principles and standards. This means that every accountant around the world can understand the system the organization uses.

Online Financial Application

A financial application is an application created to make it easier for users to manage and record finances that can be mobile, web, or desktop based. Today, there are many financial applications are equipped with fully automatic features so that they can be used easily by users. In addition, many financial applications circulating on the internet provide financial reports that can be printed within a certain time. The following are some of the function of financial applications [1]:

1. Speed up work.

The process of making reports which is fairly long and impractical because the work must be done in stages is one of the reasons for the formation of financial applications. The application can be process financial reports on one process and greatly shortens the time.

2. More accurate.

The accuracy contained in financial applications is very high because it surely uses various formulas and logic that are automatically programmed, so that it is almost impossible for errors to be calculated from the system itself.

3. Transparent.

In the financial application, the details of the report data will be more visible in detail and minimize fraud and errors in its manufacture.

4. Safe.

The high security used in making financial applications will certainly protect an organization's financial statements as well, so the possibility of data leakage will be minimal.

5. Flexible.

Financial applications that are flexible, that is, they can be used anytime and anywhere, especially those that are web-based so that they can be accessed using different devices.

Although financial management applications offer numerous benefits, it is important to choose the right application that suits the needs and size of SME businesses. Conduct thorough research and considerations before adopting a specific application. To ensure the right choice of financial management application, there are several points that need to be considered [8]:

1. Define business needs, identify business goals in using financial management applications, and pay attention to the most essential features required.
2. Consider the size of the business and the functionality of the application; choose an application capable of handling the current transaction volume and financial data of the business.
3. Prioritize data security and privacy. Considering the crucial nature of financial matters in business, ensure that the selected application provides adequate security features to protect the business's financial data.
4. Choose an application with a simple user interface for easy learning and use.
5. Conduct research, find out user reviews, and utilize a free trial (if available) before purchasing premium features. If opting for premium features, make sure to align the costs with the business budget.

By choosing the right financial management application that aligns with the business needs, UMKM entrepreneurs will be able to manage their business finances effectively and optimally, contributing to the long-term success of the business.

METHODS

The research method used in this study is a quantitative semi-descriptive method. Where the aim of this research is to explain a phenomenon or event that exists by using numbers to describe or reflect the characteristics of something and assess the nature of the conditions that appear. The purpose of this study is to describe the characteristics of things as they are, namely to explain the use of online financial applications as a medium for managing finances. The data collection method used in this research is the method of observation and the method of literature study. Observation method by examining quantitative semi-descriptive data and information related to research on certain websites or applications and

for literature study method by looking for reference sources as well as literature or theory related to the topic or problem being researched.

RESULT AND DISCUSSION

The use of financial management applications is not only created for business owners but also designed for individuals who want to manage their personal finances related to income and expenses for tracking their finances. In this research, the analyst conducted an analysis of mobile-based applications that can be used by SME business owners to manage their finances, specifically using BukuWarung and TemanBisnis applications. This was done to understand how the use of online financial applications contributes to financial management in UMKM businesses.

BukuWarung is a financial application designed to help Indonesian SME entrepreneurs develop their businesses and earn additional income. With BukuWarung, business operators can conduct business payment transactions conveniently through the Invoice & Pay feature, receive all non-cash payments from customers via banks or digital wallets through the QRIS feature, access working capital loans through the Business Capital Solution service, earn additional income from sales or becoming an agent for BukuWarung's Digital Products (PPOB) such as credit, electricity tokens, game vouchers, and more. Additionally, they can monitor all business transactions through practical and automatic digital business bookkeeping [7]. BukuWarung has a vision and mission to empower SMEs in Indonesia to become financially educated and assist them in managing and growing their businesses using technology platforms, starting from finance, payments, to digital bookkeeping [7].

According to data from the Ministry of Communication and Information, out of around 60 million UMKMs in Indonesia in 2021, only about 9.4 million have gone online or entered the digital realm, using online financial applications [1]. BukuWarung is used by various SME industries, including credit counters, electronics, F&B, and fashion. Among these UMKMs, many young entrepreneurs are technologically savvy, utilizing digital systems as their sales media, including social media, in addition to offline sales. As of November 2023, the application has been downloaded more than 8 million times with a rating of 3.3 out of 5 and 93,900 reviews, the majority of which are positive reviews from users. One user named Indra Gunawan mentioned, "At the beginning of my business, I had difficulty recording finances. After using BukuWarung, I found it easier to record income and expenses. I can know the profit every day." In April 2020, the application claimed to have served more than 250 thousand UMKMs that recorded their transactions on the platform [7]. Online financial applications, when examined, greatly assist UMKM operators in recording all transactions in detail, monitoring cash flow, assessing business performance, and planning business finances for rapid development [1].

TemanBisnis is an application designed specifically for business operators to manage business finances more effectively and efficiently. TemanBisnis also offers paid premium features that can be chosen according to the needs and budget availability of the company. The user-friendly design allows users to quickly record incoming and outgoing transactions [9]. In the current digital era, technological advancements provide various effective solutions, including the presence of business financial management applications like TemanBisnis. By integrating technology into business processes, business owners can optimize their financial decisions, reduce human errors, and enhance overall productivity. TemanBisnis features include:

1. Record financial transactions quickly and accurately.
2. Access and monitor business financial reports anytime, anywhere, even without an internet connection.
3. Analyze business financial performance briefly and affordably with ease from experts.

4. Foster closer relationships with customers and vendors through integrated contact lists.
5. Manage ready-to-sell inventory and obtain cost of goods sold recommendations in one application.
6. Adhere to the applicable accounting standards for Micro, Small, and Medium Enterprises (SAK UMKM).
7. Monitor non-cash business transaction bills and installments periodically, quickly, and on time.

As of November 2023, this application has been downloaded more than 100,000 times with a rating of 4.3 out of 5, and there are 1,000 reviews, the majority of which are positive feedback from users. One user review by Siti Aulia Azizah states that TemanBisnis is "a very helpful application for recording my business finances activities, an alternative because I'm lazy to write in a book. The feature format is good, financial reports are good, the admin is very responsive, highly recommended."

CONCLUSIONS

Personal financial management does not aim to seek profit, but aims to assist someone in monitoring and optimizing their personal finances in order to achieve efficiency and effectiveness of any funds obtained to meet their daily needs. In addition, good personal financial management occurs if there is a surplus or excess difference between the realization and the budget which is then allocated to savings. The stages of personal financial management consist of budgeting, realization, and calculating the difference between budget and realization which is then used as feedback for success in managing personal finances. Personal financial management will become easier and more accurate with the use of mobile applications.

Recording online financial reports on UMKMs can be done easily through a mobile-based application with the stages of installing the program, then creating a database has been created, the business owned. If the database has been created, the business owner can process financial data by inputting product data, sales input, purchase input to expenditure inputs that occur during a certain period of time, so that data processing will be automatically carried out by the application. This easy way of working saves a business owner much more time in managing financial records.

Based in the explanation above, it can be concluded that online financial applications have proven to be highly beneficial in managing business finances or financial management, such as BukuWarung, for SMEs or other business owners like the TemanBisnis application. These applications are useful as they can manage income, expenses, investments, receivables and payables, as well as financial reports. Moreover, they are more effective and efficient in terms of time management for financial management using these online financial applications.

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