Indonesia Gold 2045: Accounting and Optimization of Fintech for MSMEs

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ABSTRACT

Purpose: In 2019 the government targets the contribution of MSMEs to GDP to increase by 5 percent. To achieve these projections, the government provides support especially related to access to additional funding by issuing a people's business credit policy (KUR), but the facilities of the government are not yet effective enough in encouraging the performance of MSMEs because they are only given to trade businesses, not production businesses.

Design/methodology/approach: Research formulation (1) What is the role of Accounting for the Growth of MSMEs?; (2) How is the knowledge and utilization of Fintech by MSMEs? (3) How are the preparations, challenges and opportunities of MSMEs to welcome the Indonesian Golden 2045 phenomenon? Research methods use qualitative descriptive methods

Findings: The results of the study are MSMEs in Lamongan Regency, not much is known about the importance of accounting for business management. Respondents run businesses using only their economic instincts. If you manage to sell a lot means profit, if not sold means loss.

Research limitation/implications: Lack of insight and limited understanding of fintech becomes a problem for respondents when getting opportunities for increased turnover but the capital is limited so that the opportunity cannot be utilized. Indonesia Gold 2045 phenomenon provides challenges to respondents to adapt to digitalization

Practical implications: Capital access is indeed a problem that inhibits MSMEs to spread their wings, including MSMEs who are the object of this research.

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I. INTRODUCTION

At the time Indonesia experienced an economic crisis there are still sectors that are able to survive in the midst of adversity. Like a pioneer of the UMKM nation able to incarnate as a god of salvation when adversity occurs. Over time Micro, Small and Medium Enterprises (MSMEs) still survive as economic drivers in Indonesia and make a significant contribution to gross domestic product (GDP). According to the Ministry of Cooperatives and Small and Medium Enterprises (SMEs), in 2018 the contribution of MSMEs to gross domestic product (GDP) reached 60.34%, as well as the employment of 116.73 million people or 97.02% of the total working workforce. In 2019 the government targets the contribution of MSMEs to GDP to increase by 5 percent. To achieve these projections, the government provides support especially related to access to additional funding by issuing a people's business credit policy (KUR), but the facilities of the government are
not yet effective enough in encouraging the performance of MSMEs because they are only given to trade businesses, not production businesses.

Behind the contribution of MSMEs that are quite good to the national economy, it turns out that this sector still holds a myriad of very basic problems. MSMEs, still weak in business management capabilities, the quality of human resources (HR) are still limited, as well as weak access to financial institutions, especially banking (Adningsih, 2001). The growth of Micro, Small and Medium Enterprises (MSMEs) in Indonesia amounted to 59.2 million business units, of which 58.52 million business units or 98.72% were dominated by Micro Enterprises, but as many as 80.9% of the total Micro Enterprises in Indonesia have not received access to banking funding (Putra, 2019).

Not to mention the obstacles related to the management of kunangan, especially in terms of bookkeeping, there are still many MSMEs who have not realized the importance of financial recording and neat bookkeeping. In fact, with the bookkeeping of business people can know whether or not their business is healthy. "The success of MSMEs is not only a lot of selling products or services, but also the cool marketing strategy they run with neat business financial recording. “(Abdurrahman, M. A., & Ermawati, 2018). Bookkeeping is included in financial management which is one of the core of business success. Difficulty in accounting for turnover, gross profit up to net income because bookkeeping that is still manual often inhibits MSMEs to be able to grow and scale up their businesses.

Although impressed with the order, bookkeeping for business is a trivial matter, in fact with bookkeeping data a company can measure success and plan the company's strategy in the future. The condition of human resources of MSMEs is still low, especially in the field of accounting and technology. Even though the economic challenges ahead are getting tougher, where business competition becomes more pseudo and vague. The ability to master and adapt to technology becomes a must-have for MSME human resources in Indonesia. According to data from the Central Statistics Agency (BPS) in 2045 Indonesia gets a great opportunity with the demographic bonus phenomenon, which is the condition when the indonesian population of productive age is much more than the non-productive population. MSMEs should also take a role in welcoming this golden Indonesia Opportunity 2045, with efforts to improve the quality of MSME human resources so as to be able to compete and compete in this fast-paced economy. With this background, it is necessary to conduct an in-depth and ongoing study that analyzes the root causes related to the Role of Accounting and Optimization of Fintech for MSMEs welcoming Indonesia gold 2045. Based on the background description above, the formulation of the problems proposed in this study is as follows: 1) What is the role of Accounting for the Growth of MSMEs?, 2) How is the knowledge and utilization of Fintech by MSMEs?, 3) How are the preparations, challenges and opportunities of MSMEs to welcome the indonesian golden 2045 phenomenon?

A. Theoretical Studies
1. Urgency of the existence of Accounting Information for MSMEs

For MSMEs who know the benefits of accounting information, of course, that accounting is important to apply to their business. The absence of the implementation and use of accounting information in most small business management is determined by small entrepreneurs' perception of accounting information. For most MSMEs, it is not important to use accounting bookkeeping because they feel they do not need accounting information and view accounting as something that is very difficult to reach (Idrus, 2000). The implementation and use of accounting information is empirically proven to have an influence on the perception of small entrepreneurs over accounting information. Or in other words, when small entrepreneurs have benefited from the existence of accounting information then they will assume that accounting information is important to them, but vice versa as long as the small businessman never uses accounting information then accounting information is considered something unimportant.

Accounting provides information to interested parties to make decisions on economic or financial activities. The benefits in implementing Accounting in their business will make it easier for MSMEs to make financial statements, evaluate performance, know the financial position and calculate the amount of taxes.

2. Fintech Optimization for MSMEs

Fintech is an innovation in the financial sector that gets a touch of modern technology. Financial transactions through fintech include payments, investments, money lending, transfers, financial plans and financial product comparisons. There are currently 142 companies engaged in fintech identified. Fintech shows rapidly growing in various sectors, ranging from startup payments, lending, financial planning (personal finance), retail investment, financing (crowdfunding). Fintech with financial services such as crowdfunding, mobile payments, and money transfer services led to a revolution in the startup business. With
crowdfunding, it can get funds from all over the world easily, even from people who have never met even fintech also allows money transfer globally or internationally.

Previously, the Financial Services Authority (OJK) has also issued rules on fintech cooperation financing companies with multifinance, namely through channeling and co-financing. Then the digital financial literacy party must still be fostered, so that in the future it does not become an obstacle from the collaboration of the two.

According to We are Social 2019 data, people who have accounts in financial institutions are estimated to be 49% and Mobile Banking users are at 61%. It can be said that digital literacy is still not maximal. Especially digital literacy for MSMEs, especially related to the mechanism of borrowing minjam from the side of givers and borrowers. Meanwhile, Fintech collaboration with regional banks is still not very profitable for regional banks. Moreover, Fintech access is not restricted by region, in contrast to regional banks. Overall Fintech will ideally still focus on cities, as digital literacy and banking literacy in the city are better for accepting social turmoil. Fintech which is considered a breakthrough in financial inclusion has distributed loans and obtained Rp. 54.72 trillion until the end of 2019, while the total outstanding of Fintech loans reached Rp. 9.69 trillion (OJK).

3. Conditions of MSME Development

The large role by MSMEs to the national economy is supported by several factors, one of which is the demographic trend owned by Indonesia, where based on BPS data the ratio of productive age groups in Indonesia is expected to increase from 67.4 percent in 2010 (Population 237.6 million) to 69.7 percent in 2025. According to Abdillah, Muhibuddin, N. R.Khoirotun Nazilah, (2017) explained that Indonesia is currently entering a demographic bonus phase, where the proportion of the current proportion of young people who amount to more than 25 percent of the total population of about 250 million Indonesians, combined with 59.2 million units of Micro, Small, Medium Enterprises (MSMEs) that contribute greatly to the national Gross Domesti Product (GDP).

According to Adj, Jennifer dan Samuel, (2014) the increase in demographic trends will certainly be followed by the increasing development of economic sectors such as technology, entertainment, education, consumption, trade and finance will also grow rapidly. The increasing development of economic sectors is expected to reduce the problem of unemployment and be able to strengthen labor absorption in several industrial sectors. The contribution of labor absorption by MSMEs by 96.71 percent and this contributes to the reduction of the number of unemployed.

The Central Bureau of Statistics Badan Pusat Statistik, (2016) reported the number of unemployed in Indonesia in February 2016 as many as 7.02 million people, a decrease of 536 thousand people compared to the augst 2015 period of 7.56 million people. In addition to the potential of MSMEs described above, MSMEs in Indonesia also have several weaknesses. "According to Lestari" there are several weaknesses of MSMEs in Indonesia such as management, finance, organization, technology, capital, operations and technical in the field, limited market access, licensing constraints, and non-technical costs in the field that are difficult to avoid.

4. Indonesia gold phenomenon 2045

Indonesia will reach the age of 100 years in 2045. The year 2045 is referred to as the demographic window (window of demography) which is the phase where the number of productive ages (ages 15-64 years) is greater than the number of unproductive population (under 14 years or over 65 years). In 2020-2045, it is predicted that the productive age population can reach 70%, while 30% of it is an unproductive population. This can have an impact on two possibilities, namely demographic bonuses or demographic curses. Demographic bonuses can be achieved if the quality of human resources in Indonesia has qualified quality so that it will have an impact on the country's economic growth. Conversely, the demographic curse will occur if the number of people who are at this productive age actually does not have good quality so that it produces mass unemployment and becomes a burden on the state.

Indonesia gold is a condition when the Indonesian state is expected to be able to compete with other nations and can solve national problems such as corruption and poverty. Indonesia's gold is projected to be 100 years of Indonesian independence by 2045. Indonesia's human resources are one of the important factors to realize a fair and prosperous Indonesian country. The quality of human resources can be seen through the quality of the next generation of Indonesians. Youth acts as the next generation of the nation who will later become the leader of the nation and take decisions related to the progress of the Indonesian state.
II. RESEARCH METHODOLOGY

This research uses qualitative descriptive methods, in this study researchers want to know and analyze in depth about the Role of Fintech Accounting and Optimization for MSMEs Welcoming Indonesia Gold 2045. The study used two types of data. First, the primary data obtained directly from the research object, in this case the author obtained directly from the sources, namely lecturers of ACCOUNTING FEB UM Surabaya and also MSME actors in Lamongan Regency who became informants in this study. Second secondary data, namely data obtained in the form of finished data, this data is obtained from related documents such as articles, journals, and books.

III. RESULTS AND DISCUSSIONS

A. Role of Accounting for the Growth of MSMEs

The discipline of bookkeeping as the identity of MSMEs continues, the motto should be a driver for MSME actors in Indonesia so that they do not ignore related to bookkeeping in running their business. This study was conducted at the MSME center located in the lamongan regency area According to surveys and interviews conducted by researchers on MSME actors, researchers asked questions and interviews to respondents consisting of several MSME actors. The questions asked related to the understanding, knowledge and application of accounting that have been done by respondents so far.

Researchers asked respondents about the management of supplies that they do in carrying out their daily business, respondents said that: "If I make a purchase of merchandise I always do a record, because it is related to the nominal money that I have to pay to the supplier. However, the problem is that respondents never record when the merchandise comes out of the store, with such conditions, the weakness is related to recharging merchandise and also calculating business profit.

Respondents said "if the time when the recharging of merchandise so far I am based on the existing stock estimates, so do not let the existing stock in the store run out". from the results of the interview researchers illustrate that the period used by MSME actors is not determined by the exact time period, the MSMEs do record period based on the stock of goods purchased until almost sold out and repurchase occurs. Such a thing resulted in inconsistent respondents in reporting bookkeeping, and resulted in not being able to determine how much capital was spent during one year and profits received during the full period. So, so far the inventory calculations carried out by respondents are only based on assumptions without clear recording and bookkeeping, of course this is not in accordance with the principle of materialism in accounting, which is a principle that recognizes the existence of measurements and accounting records materially or of value.

If the recording of merchandise that comes out is never done then the effect is on the determination of the price of goods sold that affect also the amount of sustainability that is actually obtained, researchers ask respondents about how to recognize the profit from the profit. Respondents said "if you calculate the profit, it is the difference between the purchase price and the selling price". Judging from the statement, the researchers illustrated that respondents did not calculate costs other than the cost of the product, not to mention seeing the conditions in the field of business conditions the object of the study was one house with the business owner who should be separated to see the actual profit.

During this time respondents considered that the average monthly operating profit ranged from Rp. 8,000,000, respondents said that the profit was considered as additional capital for business and used for the purchase of trade goods inventory. "The important thing is that the money can rotate, it can be used to buy merchandise again, it can sell again can be profitable again. But not always the store's money to buy merchandise, sometimes also used to buy urgent needs and my husband has not paid."

Based on the statement it is seen that respondents have not applied the principle in accounting, namely the Economic Entity Principle, which is the concept of business unity where business owners separate between personal wealth and business. The application of accounting for MSMEs should be an important thing, accounting plays an important role to achieve business success, including for small businesses. Accounting information can be a reliable basis for economic decision making in the management of small businesses, ranging from market development decisions, pricing and others. From the results of interviews with the respondents it is seen that the business is more focused on business development, as well as good service, but never knows in detail the flow of costs that go out and in.
B. Knowledge and Utilization of Fintech by MSMEs

The presence of a number of fintech companies contributes to the development of MSMEs, not only helps business capital financing, the role of Fintech has also penetrated into various aspects such as digital payment services and financial arrangements.

Some respondents who were the object of this research access to capital financing obtained to develop their business is currently obtained through People's Business Credit in Conventional Banks, where actually the existing system in banking is still considered so difficult, so respondents say access is still limited and is still considered to cause losses on interest payments obtained, in addition to interest payments and the difficulty of getting capital loans with various conditions that are not available. "To the Bank the process is complicated, there are surveys of all kinds. When the process turns out to fail in the middle of the road", so still can not guarantee the process can run smoothly and quickly resolved. Related to this, respondents are still very careful if there is an urgent demand from customers and requires quick capital. "I used to open a business to venture to borrow capital to people's business credit, because that's all that exists and I know..."

Regarding the knowledge of respondents about the existence of fintech, respondents said that in the region or in the area many MSMEs still do not know what fintech is. So in this study, researchers tried to explain or tell respondents about the existence of Fintech which is currently being heard in public, about people's capital in social media pages that can be obtained through online access, namely Fintech. It does not take long to be able to get a loan from people's capital, even the loan submitted can be liquid in just a matter of hours. Such a capital lending system makes it easier for MSMEs to be able to meet customer demand without disappointing when there is a lot of demand to produce.

C. Preparation, challenges and opportunities of MSMEs welcome the phenomenon of Indonesia gold 2045

To face the challenges of MSMEs in the future, the most basic requirements are needed, namely building the soul and potential of entrepreneurship for MSMEs. After looking at the conditions on the ground researchers saw that the condition of MSMEs that were used as the object of this study was seen in terms of business conditions and the ability to manage their business was still very traditional. The basic preparation so that MSMEs are able to compete with similar or larger businesses is to prepare intellectual abilities, open with information and willing to accept changes, because in the current era of digitalization the competitive conditions are increasingly pseudo that require MSME actors to be observant and careful in taking advantage of opportunities.

The more sophisticated technology, requires msme actors to be more responsive to new things later. Of course, this process takes a significant enough time to make MSMEs or respondents become more able in terms of using technology that will be prepared to be able to compete in the future. This considers how important the self-competence of MSME actors to carry out their business, making their businesses at the forefront of modern approaches and able to analyze what opportunities must be achieved to develop their business. Not only qualified in terms of business development, MSME actors will also face many challenges when he runs a larger business / business later.

The existence of E-commerce and digital economy such as FIntech which is one of the golden opportunities for MSMEs to develop and advance their business, by utilizing digital companies as partners in the form of promotion and selling MSME products in several E-commerce aims to help provide financial access to entrepreneurs and help ensure the products produced by MSMEs are worthy to compete in this digital industry so as to gain confidence from funding.

The main and concrete problem faced by MSME actors is with fund management, if managing funds in business has not been good through Accounting practices it will often trigger problems in their business and end in failure. The government says that MSMEs should move up the class in the near future, forcing MSMEs to turn to the digital world to expand the market. This compulsion is certainly considered heavy by some respondents, in addition to ignorance and inability of respondents to be ready to compete later, the ability of respondents as rural communities is still very minimal and needs government attention for this. As well as providing convenience and facilities in meeting the requirements to obtain financing to develop MSMEs in the digital era later, and can make it easier for respondents to make financial statements by using Accounting software as something that can be used to help manage business finances properly.
IV. CONCLUSIONS, ADVICE AND LIMITATIONS OF RESEARCH

A. Conclusion
1. The object of the research, the MSME center in Lamongan Regency, does not know much about the importance of accounting for business management. Respondents run businesses using only their economic instincts. If you manage to sell a lot means profit, if not sold means loss. To that extent that's all they know, related to the loading of costs and the determination of net income respondents have not been able to obtain a real net profit calculation.
2. Capital access is indeed a problem that inhibits MSMEs from spreading their wings, including MSMEs that are the object of this research. Lack of insight and limited understanding of fintech becomes a problem for respondents when getting opportunities for increased turnover but the capital is limited so that the opportunity cannot be utilized.
3. Indonesia gold 2045 phenomenon provides challenges and opportunities for the success of MSMEs. But until the time this study was conducted, respondents who were the object of the study did not know about the information. Related to the preparation of respondents to adapt to digitalization researchers concluded that respondents have not applied much and still lack knowledge of it, the main problem is the ability of human resources that are still lacking in knowledge and their adaptation to the economic era that requires them to move quickly and appropriately.

B. Suggestion
1. Advice from researchers to the first author related to the application of accounting, respondents should need to learn again to make neat recording, it can also be by utilizing business finance software and financial records that can be downloaded free on the internet so that with neat recording and bookkeeping will be reflected by advanced MSMEs.
2. Related to the knowledge and utilization of fintech by respondents, researchers provide advice to respondents to make good use of fintech, fintech has several kinds of products that if used properly will be a financial solution for MSMEs.
3. Indonesia's golden 2045 phenomenon is a rare moment and brings paluang for the economic progress of MSMEs. The researcher's advice to respondents is to prepare themselves by continuing to explore the potential and ability to be able to compete and not be eliminated.

C. Limitations of research
This study has limitations related to the time of data collection and information processing so that researchers cannot dig deeper into respondents and also less research objects so that from the information obtained the discussion is not yet covering a large area and information.

REFERENCES