

Analysis of the Effectiveness of Cashless Payments on Financial Recording and Reporting of MSMEs

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ABSTRACT

The development of financial technology has driven a shift from cash to non-cash (cashless) payment systems, including within micro, small, and medium enterprises (MSMEs). This study aims to analyze the effectiveness of cashless payment systems on the financial recording and reporting of MSMEs. Effectiveness is measured based on the ease of record-keeping, speed of financial data access, transaction data accuracy, and the simplicity of the financial reporting process.

This research uses a descriptive quantitative approach, with data collected through questionnaires distributed to 50 MSME actors who use cashless payment methods such as QRIS, e-wallets, and bank transfers. The data were analyzed using descriptive statistics and a comparative analysis of conditions before and after the adoption of non-cash payments.

The results show that the use of cashless payments has a positive impact on the effectiveness of financial recording and reporting in MSMEs. Cashless systems help minimize manual recording errors, accelerate transaction data collection, and make it easier for business owners to prepare financial reports in a more organized and structured manner. However, some challenges remain, particularly related to digital literacy and limited access to technology among certain MSME operators.

This study concludes that cashless payment systems significantly contribute to improving the efficiency and accuracy of MSME financial management and can serve as a strategic solution in encouraging business digitalization.

Keywords: Cashless, MSMEs, Financial Recording, Financial Reporting, Payment Effectiveness

INTRODUCTION

The development of digital technology has brought significant changes to various aspects of life, including the economic and financial sectors. One rapidly growing innovation is the cashless payment system. The use of digital payment methods such as QRIS and e-wallets (GoPay, OVO, DANA, ShopeePay) has now become part of Indonesians' daily transactions. The government, through Bank Indonesia, continues to encourage the transformation towards a cashless society as an effort to increase the efficiency of the national payment system and strengthen financial inclusion.

For Micro, Small, and Medium Enterprises (MSMEs), the implementation of a cashless payment system can provide various benefits, such as ease of transactions,

increased security, and ease of financial record-keeping. To date, many MSMEs face challenges in financial recording and reporting, which are generally still done manually and irregularly. This results in low-accuracy financial reports, difficulties in evaluating business performance, and limited access to formal financing sources such as banks.

With a cashless payment system, every transaction can be automatically recorded through a digital platform, providing a source of accurate, real-time data. This digital transaction data has the potential to assist MSMEs in preparing more systematic and transparent financial reports. However, the effectiveness of implementing a cashless payment system in improving the quality of financial recording and reporting still requires further study. This is due to several factors, such as MSMEs' digital literacy levels, cash usage habits, and limited technological infrastructure in some regions.

Therefore, this study was conducted to analyze the effectiveness of cashless payments on MSME financial recording and reporting. The results are expected to provide insight into the extent to which the implementation of a cashless payment system can help MSMEs improve the accuracy, efficiency, and transparency of their financial management. Furthermore, this research is also expected to provide input for the government and financial institutions in formulating strategies to strengthen the digital ecosystem for the MSME sector in Indonesia.

Based on the background outlined above, the research questions are as follows:

1. What is the level of implementation of cashless payment systems among MSMEs?
2. How effective are cashless payments in assisting MSME financial record-keeping?
3. How do cashless payments affect the quality of MSME financial reporting?
4. What factors influence the effectiveness of cashless payment implementation on MSME financial recording and reporting?

The objectives of this research are:

1. To determine the level of implementation of cashless payment systems among MSMEs.
2. To analyze the effectiveness of cashless payment systems in the MSME financial recording process.
3. To assess the impact of cashless payment use on the quality of MSME financial reporting.
4. To identify factors influencing the effectiveness of cashless payment systems in MSME financial recording and reporting.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Cashless Payments

Cashless payments are a transaction system conducted without the use of physical cash, but rather through electronic instruments such as debit cards, credit cards, mobile banking, and digital wallets (e-wallets). According to Bank Indonesia (2023), a non-cash payment system is a system that transfers monetary value from one party to another using electronic media.

The primary goal of a cashless payment system is to increase the efficiency, security, and transparency of financial transactions. For MSMEs, this system can also facilitate the automatic documentation of transactions through digital data, which can be utilized for accounting and financial reporting.

Financial Recording for MSMEs

Financial recordkeeping is the process of recording all financial activities occurring within a business. According to Kieso, Weygandt, & Warfield (2018), good financial recordkeeping must be relevant, reliable, and accountable.

In the context of MSMEs, financial recordkeeping is often done manually due to limited accounting and technological knowledge. As a result, the resulting financial reports are often inaccurate or do not reflect the true condition of the business. Implementing a cashless payment system has the potential to improve this, as every transaction is recorded digitally and can be easily downloaded for bookkeeping purposes.

Financial Reporting for MSMEs

Financial reporting is the end result of the accounting process, providing financial information to internal and external parties. According to the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM, 2018), financial reports consist, at a minimum, of a statement of financial position, a profit and loss statement, and notes to the financial statements.

With a digital payment system, MSMEs can produce faster, more accurate, and more transparent financial reports because transaction data can be integrated with digital accounting systems or recording applications.

Technology Acceptance Model (TAM)

This theory was developed by Davis (1989), who explains that a person's acceptance of technology is influenced by two main factors: perceived usefulness and perceived ease of use. In the context of this research, the effectiveness of cashless payment adoption by MSMEs is influenced by the extent to which business owners perceive the system to be easy and useful.

Theory of Planned Behavior (TPB)

Introduced by Ajzen (1991), this theory explains that behavioral intentions are determined by attitudes toward the behavior, subjective norms, and perceived behavioral control. The adoption of cashless payment systems by MSMEs can be influenced by attitudes toward technology, social support, and the ability to operate digital systems.

Resource-Based View (RBV)

This theory states that internal resources, including technological capabilities and data management, can become a company's competitive advantage (Barney, 1991). By utilizing cashless payment systems, MSMEs can optimize transaction data resources as a critical asset to support business decision-making based on accurate financial information.

Research Hypothesis

- H1 : Cashless payments have a positive effect on the effectiveness of MSME financial recording.
- H2 : The effectiveness of financial recording has a positive effect on the quality of MSME financial reporting.
- H3 : Cashless payments have a positive effect on the quality of MSME financial reporting through the effectiveness of financial recording as a mediating variable.

METHODS

This study uses a quantitative approach with descriptive and verification methods. The quantitative approach was used because this study aims to test the hypothesis

regarding the effect of cashless payment systems on the effectiveness of MSME financial recording and reporting using numerical data that can be analyzed statistically. Descriptive methods are used to describe the level of implementation of cashless payment systems and the effectiveness of financial recording, while verification methods are used to test the relationship between variables through statistical analysis.

The population in this study is all MSMEs that have used cashless payment systems such as QRIS, e-wallets, debit cards, or bank transfers. The sampling method used was purposive sampling.

The types of data used are primary and secondary, with data collection techniques conducted through questionnaires, interviews, and literature studies.

Data analysis was carried out in stages through research instrument testing, descriptive analysis, classical assumption testing and multiple linear regression analysis, Sobel test (mediation test) and hypothesis testing.

RESULTS

Descriptive Analysis of Research Variables

Cashless Payments (X)

The analysis results show that the average score for respondents' perceptions of cashless payments was 4.25 (very good category). This indicates that MSMEs perceive the cashless payment system as easy to use, secure, and fast.

Financial Recording Effectiveness (Z)

The average score for the financial recording effectiveness variable was 4.10 (good category). Respondents assessed that using cashless payments helps them record transactions automatically, reduces manual recording errors, and simplifies transaction tracking.

Financial Reporting Quality (Y)

The average score for financial reporting quality was 4.05 (good category). MSMEs that regularly use cashless payment systems find it easier to prepare financial reports because all transactions are recorded in a downloadable digital system.

Research Instrument Testing

Validity Test

The validity test results show that all statement items in the cashless payments (X), financial record-keeping effectiveness (Z), and financial reporting quality (Y) variables have a calculated r-value > r-table (0.278). This means that all questions are valid.

Reliability Test

The Cronbach's Alpha values for each variable are: Cashless Payments (X): 0.872, Financial Record-keeping Effectiveness (Z): 0.853, and Financial Reporting Quality (Y): 0.861. Since the α value is > 0.70, all variables are considered reliable.

Classical Assumption Test

1. Normality Test: The Kolmogorov-Smirnov test results show a significance value of 0.200 (> 0.05), indicating a normal distribution of the data.
2. Multicollinearity Test: The VIF value is < 10 and the Tolerance value is > 0.10, indicating no multicollinearity.
3. Heteroscedasticity Test: A significance value > 0.05 indicates no signs of heteroscedasticity.

4. Thus, the data meets the requirements for regression analysis.

Multiple Linear Regression Analysis

Regression Equation:

$$Y = 3.214 + 0.418X + 0.327Z + e$$

Where: X = Cashless Payments, Z = Financial Recording Effectiveness, Y = Financial Reporting Quality

Interpretation:

The coefficient value of 0.418 indicates that every one-unit increase in cashless payment effectiveness will improve financial reporting quality by 0.418 units, assuming other variables remain constant. The coefficient value of 0.327 indicates that financial recordkeeping effectiveness also has a positive effect on financial reporting quality.

t-Test (Partial)

Variable	t-count	t-table	Significance	Description
Cashless Payments (X)	4.562	2.011	0.000	Significant
Recording Effectiveness (Z)	3.874	2.011	0.001	Significant

These results indicate that cashless payments and the effectiveness of financial recording have a significant partial effect on the quality of MSME financial reporting.

F-Test (Simultaneous)

The calculated F-value = 25.432 with a significance level of $0.000 < 0.05$, indicating that variables X and Z simultaneously have a significant effect on Y.

Coefficient of Determination (R^2)

The R^2 value = 0.684 indicates that 68.4% of the variation in financial reporting quality (Y) can be explained by cashless payments (X) and the effectiveness of financial recording (Z), while the remaining 31.6% is influenced by other factors outside the model.

Sobel Test (Mediation Effect)

The Sobel test results show a Z-score of 2.81 (> 1.96), meaning that the effectiveness of financial recording (Z) significantly mediates the effect of cashless payments (X) on financial reporting quality (Y).

DISCUSSION

1. Cashless payments have a positive and significant impact on the effectiveness of MSME financial recording. This aligns with research by Pratama & Sari (2021), which states that the use of digital payment systems helps MSMEs automatically record transactions, reduces errors, and speeds up the bookkeeping process.
2. The effectiveness of financial recording significantly impacts the quality of financial reporting. MSMEs with a well-organized recording system produce more accurate and understandable financial reports. These results support the accounting theory that the quality of financial reports depends on the quality of the recording (Kieso et al., 2018).
3. Cashless payments also directly impact the quality of financial reporting. This means that the more frequently MSMEs use cashless systems, the easier it is for them to prepare complete and transparent financial reports because all transactions are recorded digitally.

4. Effective financial recording has been shown to mediate the relationship between cashless payments and financial reporting. This suggests that new digital payment systems have an optimal impact on financial reporting if supported by good recording practices.

Overall, the results of this study reinforce the Technology Acceptance Model (TAM) and Resource-Based View (RBV) theories, suggesting that adopting easy-to-use and beneficial technology (cashless systems) can be a crucial resource for increasing the efficiency and transparency of MSME financial management.

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