

Digitalization is More Than Just a Trend: Modernizing Financial Reporting in the Halal MSME Ecosystem of the Riau Islands

Raja Hesti Hafriza^{1*}, Fauziah Hanum², Triliana³, Syakdatili Vanie⁴

STAIN Sultan Abdurrahman Kepulauan Riau^{*1, 2, 3, 4}

^{*1}email: hesti@stainkepri.ac.id

²email: fauziah@stainkepri.ac.id

³email: triliana@stainkepri.ac.id

⁴email: vanie@stainkepri.ac.id

Artikel Info

Received:	Revised:	Accepted:	Published:
June 20, 2026	July 27, 2026	September 18, 2026	October 20, 2026

Abstract: This study examines the modernization of financial reporting among MSMEs in Riau Islands Province, focusing on Ayuraskitchen, a home-based business in Batam City that has grown into a multi-outlet cake business. Using a descriptive qualitative approach, the study analyzes the gradual transition in financial reporting from manual records and Microsoft Excel templates to the Lamikro application and, ultimately, the digital accounting application Mekari Jurnal. The findings indicate that modernization occurred gradually in accordance with the growth and needs of the business and was supported by consistent record-keeping, government training and assistance, and the availability of accessible technology. The implementation of digital financial reporting improved the organization, efficiency, and accessibility of financial information, while supporting cash flow monitoring and faster business decision-making. Systematic financial records also help MSMEs prepare financing documentation and improve their bankability by providing more structured business information, although access to financing is influenced by other factors. The study recommends strengthening accounting and digital literacy, providing continuous assistance, implementing SAK EMKM, and fostering collaboration among MSMEs, local governments, financial institutions, and financial technology providers to accelerate the modernization of MSME financial reporting.

Abstrak: Penelitian ini mengkaji modernisasi pelaporan keuangan UMKM di Provinsi Kepulauan Riau dengan Ayuraskitchen, usaha rumahan di Kota Batam yang berkembang menjadi bisnis kue multi-gerai, sebagai studi kasus. Penelitian menggunakan pendekatan kualitatif deskriptif untuk menganalisis proses transisi pelaporan keuangan dari pencatatan manual, *template* Microsoft Excel, aplikasi Lamikro, hingga aplikasi akuntansi digital Mekari Jurnal. Hasil penelitian menunjukkan bahwa modernisasi berlangsung secara bertahap sesuai pertumbuhan dan kebutuhan usaha, serta didukung oleh konsistensi pencatatan, pelatihan dan pendampingan pemerintah, serta ketersediaan teknologi. Penerapan pelaporan digital meningkatkan kerapian, efisiensi, dan kecepatan akses informasi keuangan serta mendukung pemantauan arus kas dan pengambilan keputusan bisnis. Pencatatan keuangan yang sistematis juga membantu UMKM dalam menyiapkan administrasi pembiayaan dan meningkatkan *bankability* melalui penyediaan informasi usaha yang lebih terstruktur, meskipun akses pembiayaan tetap dipengaruhi faktor lain. Penelitian merekomendasikan penguatan literasi akuntansi-digital, pendampingan berkelanjutan, penerapan SAK EMKM, serta kolaborasi antara UMKM, pemerintah daerah, lembaga keuangan, dan penyedia teknologi untuk memperkuat

Keywords: MSMEs; financial reporting modernization; accounting digitalization; Mekari Jurnal, SAK EMKM.

modernisasi pelaporan keuangan UMKM.

Kata kunci: UMKM; Modernisasi Pelaporan Keuangan; Digitalisasi Akuntansi; Mekari Jurnal; SAK EMKM.

A. Introduction

Digital transformation encourages Micro, Small, and Medium Enterprises (MSMEs) to adopt technology in management business, including in aspect recording and reporting finance. In the Province Riau Islands, MSMEs show trend positive growth, especially in the sector culinary, services and trade, along with increasing use of digital platforms and change behavior increasingly consumers adaptive to technology. The phenomenon of digital MSMEs has also emerged, namely perpetrator integrated business digital technology to in the production process, marketing, to management finance. Although thus, some perpetrator business Still relies on simple manual recording, so that prone to to error, less systematic and limited in produce information accurate financial conditions. this is the end influence ability perpetrator business in take decision business, evaluate performance, as well as access financing from institution formal finance.

Digitalization system accountancy become choice strategic for increase quality management MSME finance. Application digital accounting makes it possible recording transaction in real time, compilation report finance automatic, and monitoring condition finance more effort fast and accurate. Modernization reporting finance digital- based is also in line with implementation Standard Accountancy Finance Entity Micro, Small and Medium Enterprises (SAK EMKM) which emphasizes compilation report simple, relevant, and easy understood (IAI, 2018). In the Riau Islands, the impetus continued digitalization of MSMEs done through empowerment, training and mentoring programs organized by the Cooperatives and MSMEs Service, which also strengthened by involvement academics from college tall local.

Although opportunity digitalization open wide, its implementation in the field Still face various obstacles, such as limitations literacy accounting and digital, costs

implementation technology, readiness source Power humans, as well as condition geographical islands that influence availability infrastructure (Azaro et al , 2025; Narsa et al., 2019). Previous studies generally discuss adoption MSME technology in general general while studies that trace the process of modernization reporting finance in a way chronology in one business unit from recording conventional until integrated digital system Still relatively limited. The gap This become base for study This For analyze level implementation modernization reporting finance digital -based on the MSME ecosystem in the Riau Islands, identifying technology used, review obstacles faced, analyzing the impact to quality information and retrieval decisions, and formulate a strengthening strategy, by make Ayuraskitchen in Batam City as case main.

MSMEs have role strategic in push growth economy, expanding field work, and equality income , with contribution significant to GDP even though scale his business relatively limited , where the Industrial Revolution 4.0 era emphasizes transparency information and business process efficiency digital- based (Lestari & Setiawan, 2022), which accelerates adoption participate driven by the Covid-19 pandemic through utilization of e-commerce platforms and digital applications in production, distribution, and marketing (Bahtiar & Saragih , 2020). In context reporting finance, MSMEs in Indonesia are guided by the MSME SAK issued Bond Indonesian accountant and function as means control business, evaluation performance, as well as base access formal financing, because without report finance adequate MSMEs tend to difficult access capital external. Digitalization accountancy change the recording process finance from manual system becomes based applications that automate recording transactions, journaling, up to compilation report finance in real-time. Transformation This increase data accuracy, efficiency time, and quality information finance so that support taking more decisions fast and precise (Romney & Steinbart, 2021; Setiawan & Santoso, 2021). Its application supported by the system information integrated accounting procedures, devices software, devices hardware, databases, and resources Power man for produce relevant and reliable information (Susanto, 2018). However, the

effectiveness of digitalization accountancy No only relies on technology, but also on digital literacy and capabilities perpetrator business in operate system accountancy optimally (Narsa et al., 2019). Various study show that implementation digitalization accountancy capable increase efficiency operational , quality reporting finance , performance finance , as well as strengthen system internal control through a more thorough process transparent, documented , and easy monitored (Nugroho & Sari, 2021; Pratama & Lestari, 2022).

Implementation standard accountancy simple as proven by SAK EMKM increase reliability, comparability, and quality information finance so that make it easier MSME actors in evaluate performance business as well as compile appropriate report with need various stakeholders interests. Implementation standard This will more optimal if supported by literacy finance and utilization adequate digital technology, because both of them play a role in increase accuracy, precision time, and transparency reporting financial (Sari & Putri, 2020). Needs the the more important along increasing demands institution financing and investors towards report more finances accountable as base evaluation eligibility business (Rahmawati & Putri, 2022). In general regulatory, the development of MSMEs is supported by the Law Number 20 of 2008 which became runway policy empowerment, coaching, and access capital. Considering significant contribution of MSMEs to economy national (Central Statistics Agency, 2023), government Keep going push digital transformation through training, mentoring, and utilization application recording finance such as SIAPIK and Lamikro which are facilitated by the Indonesian Ministry of Cooperatives and SMEs (2023) and the Provincial Cooperatives and SMEs Service Riau Islands. These efforts in line with findings Hafriza and Setiawan (2024) who emphasized that strengthening literacy finance and management business digital- based to become factor important in increase Power competitiveness of MSMEs, especially in the archipelago.

In a way overall , modernization reporting MSME finances are not can released from context The Industrial Revolution 4.0 emphasizes convergence technology

physical, digital, and biological in management information as well as support innovation product, process efficiency, and expansion market access, where the digital transformation of MSMEs in the Southeast Asia region is seen as key Power competition regional economy (World Bank, 2021) which is accelerating the more felt post- Covid-19 pandemic (Bahtiar & Saragih, 2020; Setiawan & Santoso, 2021).

Researchers also conducted mapping research, which was obtained from results collected research through publish or perish from 2021-2026 with index scopus, then mapped with use Vosviewer . The results obtained For find research gaps as following:

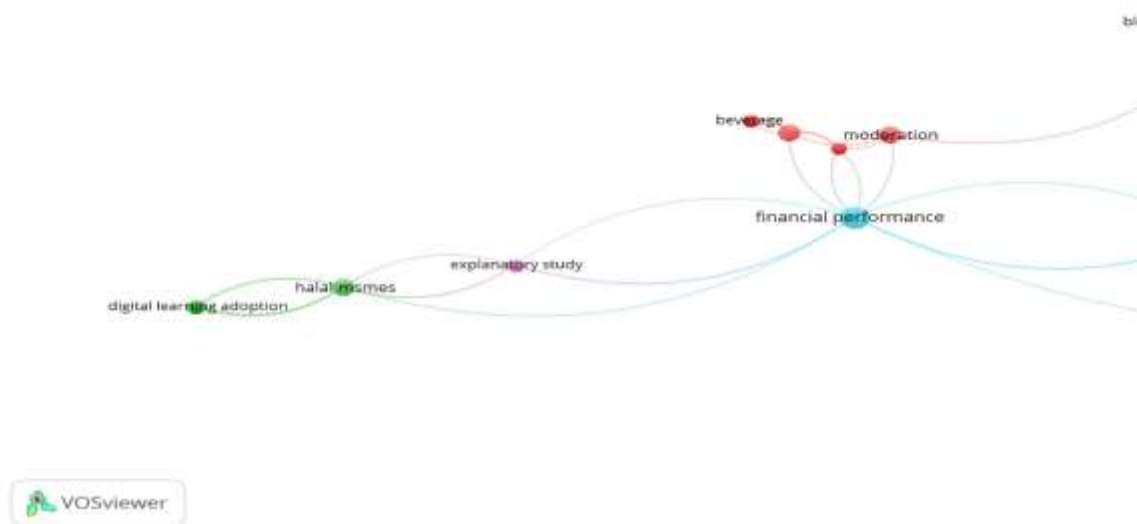


Figure 1. Mapping Study Scopus Index 2021-2026

Based on results mapping VOSviewer, research about halal MSMEs already Lots associated with digital learning adoption and financial performance. However, the discussion about digitalization Still more Lots focused on use or adoption technology and its impact to performance finance. Meanwhile that is, digitalization in the reporting process finance, such as recording, processing and presentation report finance, not yet become focus main.

Condition the show existence room study For see digitalization from the better side practical, namely How technology can used For modernize reporting halal MSME finance. This important Because reporting more finances Good can helping MSMEs

improve accuracy, transparency, and quality information finance. Therefore that, research "Digitalization is More Than Just a Trend: Modernizing Financial Reporting in the Halal MSME Ecosystem of the Riau Islands" is directed For fill in gap the with study How digitalization can push change in practice reporting halal MSME finance, in particular in context Riau islands.

B. Research Method

Study This use approach qualitative descriptive For understand in a way deep practice modernization reporting finance in the digital MSME ecosystem, including change behavior, literacy finance, readiness technology, as well as support surrounding ecosystem perpetrator business (Creswell & Creswell, 2023). Research implemented in Batam City, Tanjungpinang City, and Regency Bintan, Province Riau Islands, with subject study in the form of digital MSME actors, in particular Ayuraskitchen in Batam City, which includes owner effort, energy administration, and employees involved in recording and reporting finance. Object study is a process of modernization reporting finance, including recording transactions, usage system digital accounting, factors supporters and constraints, as well as the impact to transparency, accuracy, and efficiency taking decision business.

Primary data was obtained through interview in-depth, observation, and documentation, while secondary data sourced from policy government, reports from the Cooperatives and SMEs Service, BPS, literature scientific, as well as standard SAK EMKM accounting. Data validity is guaranteed through triangulation sources, techniques, and time, as well as member checks informants. Data analysis was carried out in a way qualitative descriptive following the interactive model of Miles and Huberman, including data reduction, categorization and coding, data presentation, and withdrawal conclusion and verification in a way sustainable until obtained valid and reliable findings.

C. Results and Discussion

Research result show that Ayuraskitchen, which was pioneered in 2019 to coincide with with beginning Covid-19 pandemic, experiencing a modernization process reporting finance in a way gradual and continuous along with growth scale effort. In the phase beginning, recording transaction done in a way conventional or manual. After condition pandemic subside, effort This switch use Microsoft Excel template that allows transaction data managed in a way more neat and systematic as stage beginning going to system more reporting structured. Stage next marked with participation in training organized by the Cooperatives and SMEs Service, which encourages adoption application Lamikro. Furthermore, in 2024, along with with increase amount products and outlets, Ayuraskitchen switch use application Mekari Journals that allow integration recording finance cross outlet in a way *real-time*.

Series change the show that modernization reporting finances in MSMEs are not ongoing in a way instant, but through a gradual learning and adaptation process. This process influenced by internal factors, such as readiness owner business and growth scale business, as well as factor external in the form of support training government and availability technology. Development use of Excel, Lamikro, to Mekari Journal show existence improvement level digital maturity in management finance. At this stage use Mekari Journal, Ayuraskitchen has reach level relative application proceed For SME scale because capable integrate recording finance a number of outlet in a way *real-time*. This is show that support ecosystem, good from government area and provider technology, plays a role important in push transformation recording MSME finance.

Identified constraints during the transition process covering change habit from recording conventional which has attached to the owner business, needs time For learn feature application new, and challenge in adapt system recording with growth amount products and outlets. Conditions the show that success digitalization accountancy No only determined by availability application, but also by literacy accounting, digital

literacy, readiness source Power human beings, and abilities perpetrator business in adapt technology with need business.

Implementation Mekari Journal give impact positive to management business. Ayuraskitchen can get information finance in a way *real-time* and integrated from a number of outlets, so that owner more easy monitor cash flow, evaluate performance every *outlet*, control transactions, and take decision business in a way fast and data - driven. Thus, modernization reporting finance No only increase efficiency internal administration, but also improve quality and reliability information required finances For development business.

Findings important other is that recording and reporting orderly finances own role strategic in make things easier MSME access to financing banking. Report structured finances in a way systematic can become document supporters For show condition business, such as turnover, cash flow, profit or losses, assets, liabilities, and capabilities business in fulfil obligation financing. For institutions banking, availability information the assist the assessment process eligibility effort and ability candidate debtor in return financing. Thus, the recording finance No Again viewed only as need internal administration, but also as instrument For building bankability or eligibility of MSMEs for get access formal financing.

In context Ayuraskitchen, use system reporting digital finance provides profit because of transaction data can documented in a way more consistent, easy traced, and can served when needed For needs administration financing. Conditions This can reduce reliance on informal record keeping and simplifying owner business in prepare document finance when submit credit or financing to the bank. In other words, more and more Good quality recording finance, increasingly easy for MSMEs to show condition and performance his business in a way objective to party external. However Thus, the completeness recording No in a way automatic ensure agreement financing Because bank decision remains consider various aspect others, such as ability pay, history credit,

collateral if required, as well as policies and assessments the risks of each institution finance.

Findings the strengthen that modernization reporting finance own more benefits wide than just increase efficiency recording. Digitalization can become part from the strengthening strategy capacity efforts and improvements access to source financing. Therefore that, MSMEs need build habit recording finance since beginning, separating transaction personal and business , doing recording in a way consistent, and use capable system produce report finance in a way accurate and easy explored. Practice the will helping MSMEs in do evaluation performance at a time increase readiness administrative when need additional capital from banking.

Based on experience Ayuraskitchen, strengthening strategy effectiveness modernization reporting digital MSME finance includes sustainability training and mentoring from the Cooperatives and SMEs Service, strengthening literacy accounting and digital for owner and power administration, elections application proper accounting with scale and complexity business, as well as collaboration sustainable between MSMEs and the government regions, banking, and providers technology finance. Synergy the necessary for digitalization recording finance No stop using application, but capable produce information quality finance, improving *bankability*, making it easier administration financing, and ultimately support growth as well as sustainability of MSMEs.

D. Conclusion

Based on results research and discussion about modernization reporting finances at Ayuraskitchen, can concluded that the modernization process ongoing in a way gradual, adaptive, and sustainable in line with growth scale effort. The process started from manual recording in the 2019–2021 period, then switch use Microsoft Excel *template*, continued with application Lamikro after get training from the Cooperatives and SMEs Service, to use Mekari Journal in 2024. Development the show existence

shift from recording conventional going to system reporting increasingly financial structured, integrated, and appropriate with need effort on every stages its development.

Success modernization reporting finance Ayuraskichen supported by consistency recording, growth scale business, training and mentoring government, as well as availability technology that can implemented in accordance capacity business. Implementation digital systems, in particular Mekari Journal, providing benefit in increase neatness and efficiency recording, speeding up access to information finance, as well as integrate information from a number of outlets. Thus, modernization reporting finance No only functioning as tool administration, but also supports monitoring cash flow, evaluation performance, and decision making decision more business fast and based information.

In addition, recording orderly and documented finances be one of aspect important in increase readiness of MSMEs to get financing from institution financial report structured finances in a way systematic can helping MSMEs provide information about turnover, cash flow, profit losses, assets, liabilities, and conditions business when submit credit or financing. Availability information the can simplify the administrative process and help institution finance in evaluate condition as well as eligibility business. Therefore that, modernization reporting finance own mark strategic in increase *bankability* of MSMEs, even though agreement financing still depends on various other factors as appropriate policies and assessments risk institution finance.

Although Thus, research This Not yet can measure in a way quantitative influence modernization to quality report finance and success get financing Because limitations data availability and period observation. Limitations the become opportunity for study furthermore For test in a way more deep connection between quality reporting digital finance, *bankability*, and access financing for MSMEs.

Based on findings said, the perpetrator business like Ayuraskitchen and similar MSMEs recommended For continue modernization reporting finance in a way gradually in accordance capacity business as well as increase literacy accounting and digital so

that applications No only used as tool recording, but also as base evaluation and decision making decision business. Cooperatives and SMEs Service and agency mentor need strengthen training and mentoring sustainable, especially related implementation of EMKM SAK and preparation report finances that can used For need administration financing. Provider technology finances are also expected develop simple, affordable, easy application used, and appropriate with characteristics of MSMEs. Meanwhile that, research furthermore recommended use approach quantitative or *mixed methods* with report data more finances complete, period further observations long, and wider coverage of MSMEs wide For test connection between modernization reporting finance, quality information finance, *bankability*, and access credit or MSME capital .

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