STRENGTHENING FINANCIAL LITERACY AND ACCOUNTING DIGITALIZATION FOR MSMES THROUGH INTERNATIONAL COLLABORATION

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Abstract
This community service program aims to understand the management of MSMEs in Thailand and the effectiveness of accounting digitalization in strengthening financial literacy to adapt to technological developments. This activity was carried out in several stages: preparation, core, and closing. The initial stage began with identifying the MSME partners' problems. In the second stage, the community service team conducted outreach and training, and in the third stage, an evaluation of the activity was conducted. The results of this community service activity indicate that the training made a significant contribution to strengthening MSMEs' financial literacy. This can be seen in the ability and implementation of the importance of separating personal and business finances, as well as the importance of preparing business financial reports. Furthermore, this activity encouraged MSMEs to consistently maintain financial records using digital applications. This change in attitude among MSME partners has resulted in increased confidence in accessing formal financing and in conducting ongoing business evaluations for long-term sustainability.

***Keywords**: Accounting Digitalization, Financial Literacy, MSMEs*

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a driving factor in national economic growth and increased productivity, as indicated by data from the Ministry of Cooperatives and SMEs, which currently has 64.2 million MSMEs, contributing 61.07% to GDP. This growth is inseparable from government support, which not only encourages an increase in the number of MSMEs but also through digitalization, governance, ease of financing, and technological innovation. Information from the Ministry of MSMEs shows that the number of MSMEs in 2024 is 30,178,617 units and will increase by 0.10 in 2025 to 30,209,444 units. Despite the increase in the number of MSMEs, weaknesses remain. One of these weaknesses is the low financial literacy of MSMEs. Financial literacy is very urgent because it is related to the long-term sustainability of businesses.

Currently, many MSMEs are less concerned with financial records because they are more focused on production and marketing (Manurung et al., 2026). The majority of MSMEs do not separate personal and business funds and have difficulty preparing financial reports as a prerequisite for financing institutions. (Hasbullah & Hermanto, 2026) stated that MSMEs often fail to separate business finances from personal finances, making it difficult to calculate capital and profits, and prepare financial reports. MSMEs certainly want their businesses to grow, requiring external funding. Financial reports are crucial for MSMEs when applying for financing, as banks also demand transparency and accountability in their financing requirements. Systematic bookkeeping and transaction recording will produce sound financial reports, providing information for decision-making (Napitupulu, 2018).

Rapid technological developments have also had an impact on MSMEs, one of which is mobile-based digital accounting applications, which offer practical solutions to increase the effectiveness of MSME financial management. In line with (Salsabila & Febryana, 2025) stated that digital-based recording provides flexibility for MSMEs in viewing cash flow, checking inventory, and evaluating business profits and losses directly. According to (Sari & Ifada, 2026) that the use of digital accounting technology becomes more optimal when MSME actors have adequate financial literacy knowledge. However, in reality, in the process of inputting transactions and reading the report results, knowledge is required (Kamaru et al., 2026). The use of technology cannot be maximized without ongoing support (Ihsan et al., 2025).

This community service activity was conducted in international collaboration with Thailand because MSMEs in that country are more compliant and consistent in their bookkeeping. This community service was carried out to strengthen financial literacy and digitize accounting so that MSMEs understand the importance of financial record keeping and financial separation. This international collaborative service broadened MSMEs' insight into MSME development in Thailand and the strategies used to ensure long-term sustainability.

2. IMPLEMENTATION METHOD

This community service activity was carried out at Campus 2 of ITB AAS Indonesia with Dr. Supot Rattanapun from Thailand, lecturers and students of ITB AAS Indonesia as the resource person. The participants of this community service activity were 53 Solo Raya MSME actors. The activity was held on Wednesday, July 8, 2026 starting at 09.00-13.00 WIB. The participation of MSME partners is a major factor in community service activities in order to provide solutions to MSME problems. The implementation of the activity starts from preparation, core activities and closing.

The preparation stage, carried out by the service team, involved analyzing MSME problems, compiling an activity schedule, preparing materials, and assigning tasks to each service team. At this stage, the service team interviewed several MSMEs in Solo Raya to identify the problems they faced and then conducted a problem analysis. The results showed that the majority of MSMEs did not understand financial literacy and did not keep financial records due to limited knowledge. After conducting the problem analysis, the service team determined the topic of strengthening financial literacy and digitalizing accounting because they are interrelated. Before carrying out the main activity, the service team asked questions to measure the level of understanding of financial linearity.

In the core stage, the community service team delivered material related to financial literacy, including the importance of financial recording, separating personal and business finances, budgeting, determining the cost of goods manufactured, and how to manage cash flow. The material was delivered through presentations and case studies, as well as demonstrations of recording transactions, both manually and using accounting applications. After the presentation, a discussion session was held to explore the experiences and challenges faced by MSMEs in financial management. Based on the challenges presented, the community service team provided feedback based on the challenges faced by MSMEs.

The closing stage is the final stage of the training. An evaluation is also conducted during this stage, asking several questions related to understanding financial literacy and accounting digitalization after the materials and training are provided. The stage concludes with a group photo of the MSME partners and the community service team.

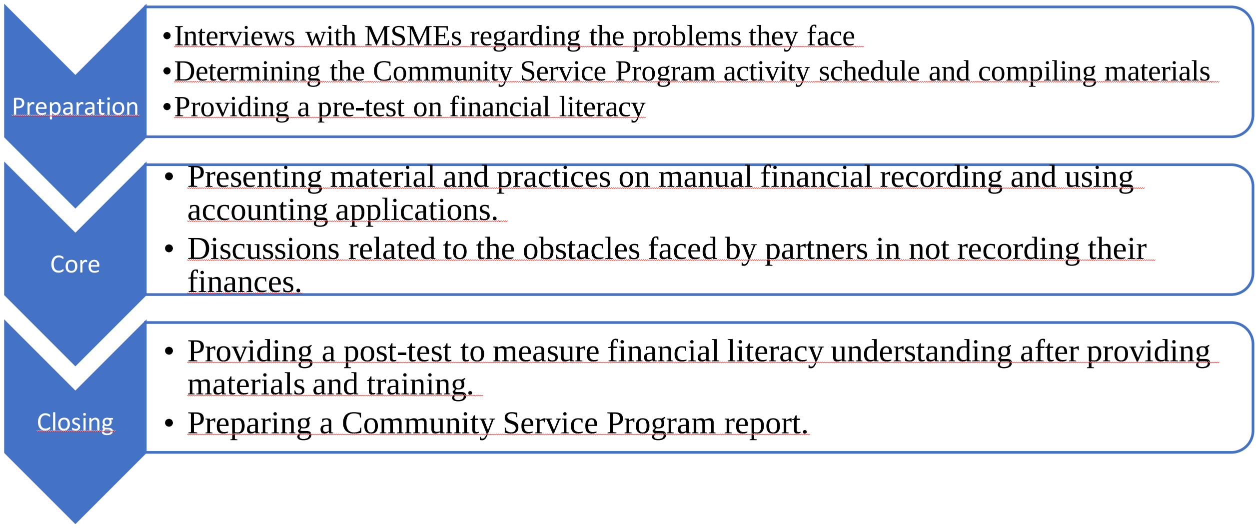

Figure 1. Stages of Implementation of Community Service Program Activities

3. RESULTS AND DISCUSSION

3.1 Strengthening Financial Literacy of MSMEs

In the initial stages of the community service activities, interviews were conducted with MSMEs. It was generally concluded that the majority of MSMEs do not yet understand the importance of financial literacy and financial record-keeping for a business. Some MSMEs encountered had not recorded their finances at all or were recording them from memory. This is in line with (Winarni et al., 2024) which states that MSME actors tend to place financial aspects as unimportant because they focus more on production and marketing.

The community service program aimed to strengthen the financial literacy of MSMEs through presentations on the development of MSMEs in Thailand, highlighting the methods implemented by Thai MSMEs and the importance of financial literacy for MSMEs' sustainability. Following this community service activity, MSME owners realized the importance of record-keeping, not just numbers, but also crucial for supporting business planning, control, and decision-making. Furthermore, financial record-keeping is not a burden but an obligation for orderly financial management. Partners also began to understand that neglecting transaction recording can potentially lead to inaccuracies in calculating profits and complicate the evaluation process for business progress.

Partners increasingly understand the importance of separating personal and business finances as a key control factor. Mixing finances complicates calculating business profits and initial capital returns. Partners also recognize that financial statements, particularly profit and loss statements, are crucial for assessing a business's profitability and efficiency. Partners' increased knowledge is evident from written evaluations and their ability to explain examples of financial record-keeping that the community service team has compiled.

Figure 2. Delivery of Material to Strengthen Financial Literacy

3.2 Accounting Digitalization for MSMEs

The second topic, presented by a lecturer at ITB AAS Indonesia, was about digital accounting, focusing on the digital-based financial recording process. The suitability of the technology used by businesses is crucial because it can increase productivity and reduce operational costs for small businesses (Pranitasari et al., 2025). At the beginning of the training, some participants experienced difficulty downloading and installing the application due to their unfamiliarity with accounting software. As the training progressed, accompanied by intensive mentoring from students, Partners gradually gained the ability to use the application. Participants gradually understood each feature and the importance of grouping transactions so that the resulting reports could provide accurate information. This digitalization of accounting is very helpful for Partners, especially those with high daily transaction frequency.

Digitalization of accounting in MSMEs can improve efficiency, accuracy, decision-making, customer service, and financial access (Rahmayana et al., 2023). The results of this training activity demonstrated that successful use of this accounting application can be seen from proficiency in transaction input. Observations showed that 78% of participants were able to operate the application properly and input transactions correctly. This digitalization will help detect potential financial problems early, allowing for immediate evaluation if revenue declines or significant expenses arise. Regular evaluations will enhance the sustainability of a business.

Based on the analysis of the activities conducted by the community service team, it shows that financial literacy and financial recording systems for MSMEs have improved. When MSMEs are able to analyze their businesses through financial reports, their chances of survival and growth are greater.

Figure 2. Delivery of Accounting Digitalization Material

4. CONCLUSION

This Community Service (PKM) activity aimed to understand the management of MSMEs in Thailand and the effectiveness of accounting digitalization in strengthening financial literacy to adapt to technological developments. The intensive one-day socialization and training sessions strengthened MSME financial literacy, starting with separating personal and business finances, recording every transaction, calculating cost of goods sold, preparing budgets, and conducting regular business evaluations. MSME participants initially lacked a thorough understanding of financial literacy, particularly regarding financial management using accounting digitalization. However, the MSME participants demonstrated an improvement in their practical skills, evident from the pre-activity compared to post-activity results. Furthermore, this activity encouraged MSMEs' economic capacity to continue developing and maintain business sustainability.

Through strengthening financial literacy and accounting digitalization, MSMEs improved their skills, were able to easily prepare financial reports, and practiced accessing formal financing, thus furthering their business growth. Based on the results of this PkM activity, the community service team recommended the need for ongoing mentoring to improve the use of accounting applications for MSME partners. Gradually strengthening financial literacy and accounting digitalization can help MSMEs adapt to technological developments and increasingly competitive market demands. In addition, the PkM team should add material on business development strategies and risk management so that MSMEs can be more competitive and develop their businesses.

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