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DIGITAL ACCOUNTING TRANSFORMATION TO IMPROVE THE QUALITY OF MSME FINANCIAL MANAGEMENT AMIDST THE DEVELOPMENT OF FINANCIAL TECHNOLOGY

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Abstract

The rapid expansion of financial technology has created an urgent need for micro, small, and medium enterprises to shift from manual bookkeeping toward integrated digital accounting systems that support accurate and timely financial reporting. Despite this pressing need, most micro, small, and medium enterprises still struggle with limited technological understanding, weak financial literacy, and fragmented adoption of digital tools, resulting in a persistent gap between the ideal condition of well-governed financial management and the reality faced on the ground. This study aims to examine how digital transformation of accounting contributes to improving the quality of financial management among micro, small, and medium enterprises amid the evolving financial technology landscape, while also identifying the supporting and inhibiting factors behind its optimal implementation. Employing a qualitative descriptive method through library research, secondary data were gathered from scholarly journals, institutional publications, and government reports, then analyzed using content analysis involving identification, classification, comparison, and synthesis. The findings reveal that the effectiveness of digital accounting transformation depends not merely on technological sophistication but on the reciprocal interaction between financial literacy, human resource readiness, and the broader financial technology ecosystem encompassing digital payment, technology-based financing, and cloud-based information systems. This study offers an original contribution by positioning digital accounting transformation as an interconnected component

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within the financial technology ecosystem rather than a standalone tool, thereby providing conceptual and practical implications for enterprises, policymakers, and financial technology providers seeking sustainable financial governance.

Keywords: Digital Accounting Transformation; Financial Literacy; Financial Management Quality; Financial Technology; Small and Medium Enterprises

INTRODUCTION

Amid the rapid development of financial Technology, the financial management of Micro, Small, and Medium Enterprises (MSMEs) should have transformed from a manual recording system to an integrated, accurate, and real-time digital accounting system. Every MSME actor is required to be able to prepare orderly financial reports in accordance with applicable accounting standards, such as SAK EMKM, by utilizing digital bookkeeping applications and fintech platforms to support transparency, efficient transaction recording, and easy access to formal finance(Candra et al., 2025) . This ideal condition is important considering that MSMEs are the backbone of the national economy, numbering around 65.5 million business units and absorbing up to 97% of the workforce in Indonesia, with MSMEs contributing approximately IDR 9,580 trillion to the national economy. Therefore, good financial governance is an absolute prerequisite for the sustainability and competitiveness of this sector in the digital economy era (Faturrahman et al., 2025) .

However, in reality social Research shows that most MSMEs still face a significant gap between these expectations and actual financial management practices. The implementation of digital accounting systems in MSMEs still faces obstacles such as low technological understanding, initial investment costs, and limited training. Consequently, many business owners are unable to fully utilize fintech facilities optimally to support their business's financial recording and reporting (Aulia et al., 2026) . This condition is exacerbated by the lack of financial literacy among MSMEs, even though the ability to prepare simple financial reports, evaluate business feasibility, and manage cash flow effectively are key to facing financial risks (Mawarni et al., 2025) . As conveyed by the Secretary of the LPS Institution, Jimmy Ardianto, in the Financial Intelligence in the Digital Era forum, which emphasized the importance of financial literacy for business actors (Media Indonesia, 2025) .

The gap between ideals and reality has direct implications for the quality of MSME financial management, ranging from low accuracy of financial reports, difficulty in accessing formal financing because businesses are considered not yet bankable , to the weak ability of business actors to make business decisions based on accurate data (Indra, 2025) . On the other hand, when digital accounting transformation is successfully implemented, the positive impact is quite significant because the implementation of a digital accounting system has been proven to contribute to increasing the efficiency of transaction recording, the accuracy of financial reports, and the transparency of financial information that supports more accurate business decision-making (Lestari et al., 2025) . This condition confirms that the success of digital accounting transformation is highly dependent on ongoing support in the form of training, mentoring, and equal access to technology for MSMEs, so that financial digitalization is not just a temporary trend, but a long-term foundation for building resilient, adaptive, and competitive MSMEs amidst the rapid development of financial Based on

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these gaps and urgency, research on the digital transformation of accounting to improve the quality of MSME financial management is important to examine in more depth .

A number of study Already done previously. Research Lovely Lusiana Sinambela. shows that financial literacy improves the ability of MSMEs to manage cash flow, budgets, costs, and financial decisions. Digitalization of accounting through applications, information systems, and *cloud technology* also improves recording efficiency, reporting quality, and the speed of financial information. The synergy between the two strengthens the effectiveness of financial management, competitiveness, and sustainability of MSMEs in facing digital transformation (Sinambela, 2026) . Research by Mohamad Chaidir, et al. show that digital literacy, government support, and technological infrastructure are important factors in optimizing digital transformation and strengthening the sustainability and competitiveness of MSMEs (Mohamad Chaidir et al., 2025) . Nur Atika's research Yuniarti show That human resource quality and financial literacy are crucial factors in the digitalization of MSMEs. Business actors need to be adaptable to technology, possess digital skills, creativity, innovation, and the ability to manage finances, prepare budgets, evaluate performance, and plan business needs (Yuniarti, 2024) . Sri Rahayu Study Saputri show Digital financial applications improve the efficiency, regularity, and transparency of MSME financial reports, although digital literacy and accounting understanding remain challenges. This finding underscores the importance of digital education and support for MSMEs (Saputri & Arnilasari, 2025) . Mrs. Noor & Mirzam's Research Arqi Ahmadi shows Financial literacy , financial inclusion, and technology utilization have been shown to improve the financial efficiency of MSMEs by strengthening fund management, capital access, and business sustainability. However, sample limitations mean the results cannot be broadly generalized (Lady Noor & Mirzam Arqy Ahmadi, 2024) .

Previous studies have extensively explored the role of financial literacy and accounting digitalization, both separately and simultaneously, in supporting MSME financial management. Sinambela's (2026) research confirms that the synergy between financial literacy and accounting digitalization can strengthen the effectiveness of financial management and the competitiveness of MSMEs, while Chaidir et al. (2025) highlight the role of digital literacy , government support, and technological infrastructure as driving factors for optimizing digital transformation. On the other hand, Yuniarti (2024) places human resource quality and financial literacy as primary variables. Saputri and Arnilasari (2025) found that digital financial applications effectively increase reporting transparency despite the constraints of low digital literacy. Noor and Ahmadi (2024) highlighted the contribution of financial literacy and inclusion to MSME financial efficiency, but with limited generalizability due to a narrow sample size. Based on this mapping, it appears that most studies still discuss financial literacy and accounting digitalization partially or examine only one aspect of the relationship, without fully linking it to the context of financial development. Technology continues to evolve rapidly, creating a research gap regarding how digital accounting transformation specifically contributes to improving the quality of MSME financial management within the broader and more current fintech ecosystem framework.

Therefore, this research offers novelty by positioning the digital transformation of accounting not just as a recording tool, but as a process of changing the financial governance of MSMEs that takes place continuously along with financial developments . Technology, thus the dynamic and adaptive aspects of this transformation become the main focus that has not been

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widely addressed in previous studies. In contrast to the studies by Sinambela (2026) which emphasize the synergy of literacy and digitalization in general, Chaidir et al. (2025) which focus on supporting factors of infrastructure and policies, and Yuniarti (2024) and Saputri and Arnilasari (2025) which emphasize human resource readiness and application implementation constraints, this study seeks to integrate the dimensions of digital accounting technology with the dynamics of fintech development as a unified analysis that mutually influences the overall quality of MSME financial management, from recording accuracy, reporting transparency, to the speed of financial decision-making. Furthermore, this study also seeks to expand the scope of the analysis, which has been limited to a small sample, as stated by Noor and Ahmadi (2024). The results are expected to provide a more representative picture of the relationship between digital accounting transformation and the quality of MSME financial management amidst the current rapid innovation in financial technology.

Based on the description of the research gap and novelty, this study aims to analyze how digital accounting transformation plays a role in improving the quality of financial management of MSMEs amidst the development of financial technology, particularly in terms of transaction recording efficiency, financial reporting accuracy, information transparency, and speed of financial decision-making. This study also aims to identify supporting and inhibiting factors in the implementation of digital accounting transformation in MSMEs, including the role of financial literacy, digital literacy, human resource readiness, and government infrastructure and policy support. Furthermore, this study is expected to provide theoretical contributions to enrich the study of the integration of digital accounting and financial technology, while also providing practical contributions in the form of strategic recommendations for MSMEs, the government, and fintech service providers in encouraging more professional, transparent, and sustainable MSME financial governance.

REVIEW OF LITERATURE

Theoretical Foundation: Financial Literacy and Accounting Digitalization as Mutually Supportive Frameworks

Previous studies have primarily relied on two broad theoretical frameworks that have tended to be developed in parallel: financial literacy theory, which emphasizes individual cognitive capacity in managing cash flow, budgeting, and financial decisions, and accounting digitalization theory, which focuses on the efficiency of application-based recording systems, information systems, and cloud technology. Sinambela (2026) attempts to bridge these two frameworks by positioning financial literacy and accounting digitalization as mutually reinforcing variables in shaping the effectiveness of MSME financial management, while Chaidir et al. (2025) expand this framework by incorporating the dimensions of digital literacy, government support, and technological infrastructure as structural prerequisites for successful digital transformation. This theoretical foundation is important to critically examine because most studies still treat these two frameworks as stand-alone variables, even though conceptually they form a two-way causal relationship, where financial literacy determines the quality of technology utilization, while the existence of a structured digital system also accelerates the internalization process of financial literacy itself.

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Empirical Findings and Inter-Study Controversy

Empirical findings from five previous studies show a generally converging pattern, but they contain points of controversy that deserve further examination. Yuniarti (2024) and Saputri and Arnilasari (2025) both emphasized that digital financial applications can improve the efficiency, regularity, and transparency of MSME financial reports. However, both also agreed that these benefits are not immediately realized without the support of quality human resources and adequate digital literacy, thus creating tension between optimism about the potential of technology and the reality of limited user capacity. Meanwhile, Noor and Ahmadi (2024) reinforced the argument that financial literacy and financial inclusion contribute to the efficiency of MSME fund management. However, the limited sample size in this study raises the issue of external validity, namely the extent to which local findings can be generalized to the national context of MSMEs, which are much more heterogeneous in terms of business scale, sector, and level of technology adoption. This controversy indicates that the relationship between financial literacy and accounting digitalization is not yet fully conclusive, leaving room for debate regarding which variables actually play a more dominant role in determining the quality of MSME financial management.

Research Gaps and Proposed Conceptual Framework

A critical mapping of the five studies reveals a consistent gap, namely the tendency to study financial literacy and accounting digitalization partially or only highlight one side of the relationship, without placing both in the context of the financial ecosystem. broader and dynamic technological developments, as seen in Chaidir et al.'s (2025) focus on policy infrastructure that has not yet addressed interoperability between fintech services , as well as Saputri and Arnilasari's (2025) focus , which stops at the single application level without linking it to the overall digital payment and technology-based financing network. Departing from this gap, this study proposes a conceptual framework that positions digital accounting transformation not as a single, stand-alone variable, but rather as a node reciprocally connected to financial literacy on the one hand and the fintech ecosystem, encompassing digital payments, technology-based financing, and cloud systems , on the other. Thus, the quality of MSME financial management is understood as the result of a three-layer interaction between the individual capacity of business actors, the readiness of digital instruments, and the external dynamics of the surrounding financial ecosystem. This framework also serves as an argumentative basis that distinguishes this study from previous studies, because it does not stop at identifying supporting or inhibiting factors separately, but rather offers a more comprehensive and contextual model of the relationship with financial developments. latest technology.

RESEARCH METHOD

This research uses the library method. This research, or library research, uses a qualitative-descriptive approach. This method was chosen because the research focuses on examining various written sources relevant to the digital transformation of accounting, the quality of MSME financial management, and the development *of financial A qualitative* approach is used to understand the concepts, developments, benefits, and challenges of accounting digitalization in supporting MSME financial management in depth and contextually.

The research data sources consist of secondary data obtained from scientific articles in national and international journals, academic books, proceedings, research reports, and official publications from relevant institutions. Institutional sources include publications from Bank

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Indonesia, the Financial Services Authority, the Central Statistics Agency, and ministries or government agencies related to MSMEs and the development of financial technology. Literature was selected based on its relevance to the research focus, source credibility, and the currency of the information, particularly publications discussing the digitalization of accounting and *financial technology. technology* , and financial management of MSMEs.

Data analysis was carried out using content analysis. Through the process of identification, classification, comparison, interpretation, and synthesis of information obtained from various sources. Findings from each literature were compared to identify patterns, similarities, differences, and trends regarding the role of digital accounting transformation in improving the quality of MSME financial management. The analysis results were then synthesized descriptively to produce a comprehensive understanding of the contribution of *financial technology* for more effective, efficient, transparent, and adaptive financial management of MSMEs to technological developments.

RESULTS AND DISCUSSION

Integration of Financial Literacy and Accounting Digitalization in MSME Financial Management

A fundamental weakness that has been overlooked in various studies on MSME financial management is the tendency to treat financial literacy and accounting digitalization as separate variables, even though they actually work within a mutually supportive system. Data from the 2024 National Survey on Financial Literacy and Inclusion (SNLIK), conducted by the Financial Services Authority (OJK) and the Statistics Indonesia (BPS), recorded a financial literacy index of 65.43 percent for the Indonesian population, while the financial inclusion index had reached 75.02 percent.

Figure 1
2024 National Survey on Financial Literacy and Inclusion (SNLIK) Data (Financial Services Authority, 2024)

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Thus, it is clear that the penetration of financial services and technology is progressing faster than the public's, including MSMEs, substantive understanding of these services . This nearly ten-point gap is not merely a statistical figure, but rather a reflection of superficial technology adoption patterns: MSMEs adopt digital accounting applications driven by trends or ease of access, without the cognitive capacity to interpret the data generated by these systems as instruments for strategic decision-making.

The argument that financial literacy and accounting digitalization are a reciprocal relationship, not a one-way relationship, needs to be further emphasized through the working mechanisms of both in the cash flow management practices of MSMEs (I. Kurniawan, 2025) . The digital accounting system basically only functions as a recording facilitator that speeds up the process of inputting and outputting transaction data (Safitri, 2025) . Meanwhile, the ability to translate cash inflow and outflow patterns into operational decisions, such as determining the right time to purchase stock or hold back non-essential expenses, depends entirely on the financial literacy of business actors (Yuttama, 2025) . When an MSME doesn't have a basic understanding of the cash cycle, even a cash flow report presented automatically and in real time from a digital application won't provide any added value, as the data remains as passive information without ever being translated into corrective action for any cash flow imbalances.

A similar pattern applies to business budgeting, where digital accounting presents a significant opportunity for MSMEs to shift from rough estimates to budgeting based on systematically recorded historical transaction data. However, this potential can only be realized if business owners possess the financial literacy skills to conduct projections, compare actuals with targets, and regularly evaluate budget deviations (Sirait & Sari, 2025) . Without these skills, analytical features provided by digital accounting applications, such as visualization of spending trends or monthly comparisons, tend to be ignored by users because they are considered too technical, so that MSMEs ultimately only utilize a small portion of the system's capacity that is actually capable of supporting much more mature financial planning.

In the context of operational cost efficiency, the integration of financial literacy and accounting digitalization demonstrates a more specific impact when both work simultaneously than when only one aspect is strengthened. Accounting digitalization enables business actors to identify cost structures in greater detail through automated categorization, for example, separating raw material costs, daily operational costs, and unforeseen expenses (Situmorang et al., 2025) . However , the ability to interpret these categorizations into efficiency decisions, such as determining which cost items need to be cut or shifted, still requires adequate financial literacy (Justina et al., 2026) . This condition explains why two MSMEs using identical digital accounting applications can achieve very different levels of cost efficiency, because the determining variable is not the sophistication of the system, but rather the financial literacy capacity of the business actors in processing available data.

The speed of financial information presentation, one of the main advantages of digital accounting systems, also requires critical analysis, because speed alone does not automatically correlate with accurate decision-making. Digital systems are capable of producing financial reports instantly once transactions are input, but this speed only provides real benefits if MSMEs have the financial literacy skills to respond to the information in a timely and targeted manner. Without adequate literacy, the speed of information has the potential to create a situation known as

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information overload without direction, a situation where business owners are inundated with real-time financial data but lack an analytical framework to sort out which data is relevant to actual business conditions, resulting in decisions still based on intuition even though complete and up-to-date data is available.

Another aspect that reinforces the urgency of this integration is its impact on the credibility of MSMEs before formal financial institutions. As a sector that contributes more than 60 percent to Gross Domestic Product and absorbs nearly 97 percent of the national workforce, and currently the number of MSMEs has reached more than 64 million business units , MSMEs have a strategic role which should be in line with easy access to financing (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2025) . However, in reality, digitalized financial reports do not necessarily immediately improve business feasibility in the eyes of financial institutions if they are not accompanied by the ability of business actors to account for and explain the data consistently. (Aziza et al., 2025) . Financial literacy, in this case, serves as a bridge of credibility, as trust in financing institutions is built not only on the existence of digital reports, but also on the ability of business actors to demonstrate an understanding of their own financial condition when interacting with lenders.

literacy and inclusion gaps is also relevant in relation to government efforts through various financial education programs targeting micro and small business actors. This includes the Gencakan program initiated by the OJK to encourage the birth of millions of financial literacy agents to provide a multiplier effect through financial education for the wider community, with a target reach of up to tens of millions of Indonesians (Hermawan et al., 2026) . The existence of such a program confirms that the problem of MSME accounting digitalization cannot be solved only by providing technological infrastructure, because without structured financial literacy improvement interventions, the adoption of digital accounting technology risks stopping at the surface use stage without substantive transformation in the quality of MSME financial decision-making.

Based on the overall analysis, it can be emphasized that strengthening MSME financial management cannot be achieved optimally if the capacity building approach only focuses on one variable, either financial literacy or accounting digitalization separately. These two aspects need to be positioned as a complementary intervention, where accounting digitalization plays a role in providing an efficient and fast recording infrastructure, while financial literacy plays a role in interpreting the data into the right business decisions. This synergy is the main analytical contribution of this sub-discussion in addressing the gaps in previous studies, while also emphasizing that digital accounting transformation will only have a significant impact on the quality of MSME financial management if it goes hand in hand with the continuous strengthening of financial literacy among business actors.

Digital Transformation of Accounting as Part of the Financial Technology Ecosystem

The dominant perspective in various academic studies tends to place the digitalization of MSME accounting as a stand-alone phenomenon, as if the success of implementing digital bookkeeping applications is solely determined by the internal readiness of business actors (Syafika & Masyhuri, 2026) . This perspective needs to be corrected, because digital accounting systems in MSMEs never operate in a vacuum, but are always connected to the financial services network. other technologies that are sources of data and determine the functionality of the system (Suginam et al., 2026) . When a digital accounting application automatically records sales transactions, for

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example, this capability essentially depends on integration with the digital payment system that serves as the upstream source of the processed data, so that the accuracy and completeness of MSME financial reports are actually a product of interoperability between fintech services , not simply the work of a single accounting application alone.

This argument can be further explored through the development of the national digital payment infrastructure, which currently serves as the backbone of MSME transaction recording. By the first semester of 2025, QRIS had reached 57 million users and 39.3 million merchants , with 93.16 percent of them being MSMEs. This means that the absolute majority of non-cash MSME transactions are now recorded through a single payment infrastructure channel (Bank Indonesia, Department of Communication, 2025) . This condition analytically shows that the quality of accounting records for today's MSMEs actually depends heavily on how well the digital accounting system used is able to automatically retrieve and process transaction data from QRIS, so that the accuracy of financial reports is no longer purely a function of manual bookkeeping accuracy, but rather a function of the quality of integration between accounting applications and digital payment infrastructure that has become a national standard.

In addition to digital payments, technology-based financing is also a component of the fintech ecosystem that is inseparable from the quality of MSME financial management, particularly in the context of how digital accounting data functions as a tool for assessing business feasibility. Accounting data generated automatically by digital systems is increasingly becoming a primary reference for technology-based financing providers, including peer-to-peer services. lending and securities crowdfunding , in assessing the risk profile and payment capacity of MSME actors, so that the quality of digital accounting records directly determines the opportunities for MSMEs to access alternative financing sources outside of conventional banking channels (Kholidah et al., 2023) . This relationship emphasizes that digital accounting transformation not only functions internally, namely improving internal business governance, but also functions externally as a bridge connecting MSMEs with the entire digital financing network that is part of the fintech ecosystem as a whole.

cloud- based financial information systems also strengthens the argument that digitalization of MSME accounting is an integral part of the fintech ecosystem , because cloud technology allows data synchronization across platforms, making MSME financial information accessible in real time by various stakeholders at once, starting from the business actors themselves, business partners, to financial institutions that are potential capital providers (Anisa & Masyhuri, 2026) . This capability analytically transforms the nature of MSME financial reports from static documents used only internally into dynamic, cross-party verifiable financial communication instruments, so that the resulting transparency is no longer merely administrative compliance, but rather a strategic asset that improves MSMEs' bargaining position in financing negotiations and business partnerships.

The interaction between these three fintech components digital payments, technology-based financing, and cloud systems ultimately forms what can be called a mutually reinforcing financial data cycle, where the output of one fintech service becomes input for another. Transactions recorded through QRIS become a database processed by a cloud- based accounting system, and the processed data then becomes a reference for fintech providers' financing eligibility assessments. lending , so that the quality of MSME financial management is basically the accumulative result of this interoperability chain , not the result of the work of one type of technology separately (Panjaitan et al., 2026) . Understanding this cycle is crucial because failure at any point in the chain, such as a data format mismatch between the payment system and the accounting application, can hinder the entire digital transformation process, which should run smoothly.

By positioning digital accounting transformation as an inherent component in the financial ecosystem technology , the quality of MSME financial management needs to be understood as the result of a continuous interaction between internal business readiness and the external dynamics of financial technology, not merely a reflection of business actors' decisions to adopt a particular accounting application. This perspective is the main conceptual contribution of this sub-discussion, because it corrects the tendency of previous research to treat accounting digitalization as a single, independent variable, while also emphasizing that the success of MSME accounting digital transformation in the future will be largely determined by the extent to which the fintech ecosystem as a whole is able to build inclusive interoperability for all business segments, from micro to medium scale, without leaving behind business groups that are still lagging behind in technology adoption capacity.

Effectiveness and Sustainability of MSME Financial Management through the Synergy of Literacy and Technology

accounting transformation will never produce a significant impact on the quality of MSME financial management if it is treated as a single technical intervention factor , apart from two other equally important factors, namely financial literacy and human resource readiness (Kartini et al., 2026) . These three factors actually form a mutually determining causal chain, where accounting technology only functions as an instrument, financial literacy plays a role in interpreting the instrument, and human resource readiness is an operational prerequisite that ensures that the instrument and capacity are actually implemented consistently in daily business practices. When one of these links is weak, the other two links will not be able to produce optimal fund management effectiveness, so a partial approach to these three factors explains why some MSMEs remain behind in financial governance despite having adopted digital technology.

The reality of the gap in access to formal financing is the most concrete empirical evidence for this argument, because data shows that the portion of MSME credit by commercial banks until 2025 only reached 18.3 percent of total banking credit, far below the government's target of 25 percent in 2029, and the growth trend even experienced contraction in several periods (Agustinus Yoga Primantoro, 2026) . This condition cannot be analytically explained solely by external factors such as banking prudence, because the low demand for credit from the MSME side is also caused by limited financial literacy of business actors, minimal collateral, and dependence on internal financing, where many MSME actors still view credit as a burden rather than a tool for growth. This finding confirms that the issue of access to financing is not only a matter of supply from the financial institution side, but also a matter of MSME literacy readiness in understanding and utilizing credit instruments strategically, so that strengthening digital accounting technology without being accompanied by financial literacy education will only produce administratively neat financial reports but still fail to encourage business actors to access formal financing more actively.

The government’s efforts to address this gap have reinforced the urgency of this synergistic approach, as reflected in technology-based policy innovations that are beginning to address the limitations of conventional credit assessments . credit The scoring system currently being promoted

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by the government utilizes the digital transaction track record of MSMEs, especially those operating on marketplace platforms , as a basis for assessing creditworthiness that is more accurate than conventional underwriting methods, so that MSMEs with a consistent digital record-keeping history have a greater opportunity to obtain access to financing compared to MSMEs that still rely on manual bookkeeping (Rahardjo et al., 2025) . This policy implicitly proves that the effectiveness of digital accounting transformation is not measured simply by the existence of the applications used, but rather by the consistency and sustainability of recording, which in turn forms a digital footprint that can be trusted by technology-based credit scoring systems.

The sustainability of MSME financial management is increasingly directed towards relying on synergy between institutional readiness and the use of technology, as reflected in new obligations that require banks to formulate MSME financing strategies explicitly in their business plans, including distribution targets and steps to achieve them, as well as implementing policies that facilitate access to financing through simplifying requirements and documents (Handoko et al., 2026) . Management This kind of program essentially opens up wider space for MSMEs that already have organized digital financial reports, because document simplification can only be utilized optimally by business actors who are accustomed to producing structured financial data, so the gap between MSMEs that have digitally transformed and those that have not has the potential to widen further if it is not balanced with literacy mentoring programs that target disadvantaged business groups.

From a business sustainability perspective, the synergy between financial literacy , human resource readiness, and accounting technology also needs to be understood as a long-term risk mitigation mechanism , not simply a short-term efficiency improvement tool. MSMEs with adequate human resources literacy tend to be better able to anticipate fluctuations in macroeconomic conditions, such as slowing credit growth or changes in interest rate policies, because they can read their own business's financial signals through digital data earlier and take anticipatory steps, such as adjusting their cost structure or seeking alternative financing sources before the business's financial condition seriously deteriorates (Agma, 2025) . Conversely, MSMEs that rely solely on technology without adequate human resource capacity are at risk of remaining reactive to external shocks, even though their financial data is actually available in real time through the digital systems they use (Juniansyah et al., 2026) .

The implications of this overall analysis point to the need for collaborative strategic recommendations that aren't solely focused on one party. For MSMEs, strengthening financial literacy and digital competency needs to be a priority alongside technology adoption, not simply an add-on after using accounting applications (Astuti et al., 2026) . For the government, the expansion of financial literacy education programs needs to be directed more specifically at the micro-business segment, which dominates the MSME population but is most vulnerable to being left behind in optimal technology utilization. While ensuring that regulations for easy access to financing are accompanied by technical assistance so that they not only benefit MSMEs that are more digitally prepared (Yazid, 2025) . For fintech service providers , the development of a digital data-based credit scoring system needs to be continuously refined to be able to reach MSMEs with limited transaction histories without sacrificing the principle of prudence, so that financial inclusion can go hand in hand with credit risk mitigation (D. Kurniawan & Rojabi, 2026) .

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Based on this series of analyses, the effectiveness and sustainability of MSME financial management cannot be achieved through an approach that positions technology as the sole solution, but rather requires an integrated synergy between financial literacy , human resource readiness, and the simultaneous use of accounting technology. This synergy will ultimately determine whether digital accounting transformation is truly capable of meeting the objectives of this study, namely substantively improving the quality of MSME financial management amidst the development of financial technology, while emphasizing that the success of this transformation will ultimately be measured not by how sophisticated the technology adopted is, but by how far the technology can be translated into appropriate financial decisions, wider access to financing, and sustainable business resilience.

CONCLUSION

This research confirms that improving the quality of MSME financial management cannot be achieved through a single approach that only relies on sophisticated digital accounting technology, but rather requires integrated synergy between financial literacy, human resource readiness, and connectivity with the financial ecosystem. technology comprehensively. The main findings indicate that accounting digitalization will only produce substantive impact if business actors have the interpretive capacity to translate digital data into sound financial decisions, as reflected in the still wide gap between financial literacy and inclusion levels, and the fact that MSME digital accounting systems never stand alone but are constantly connected to digital payment infrastructure, technology-based financing services, and cloud-based information systems that mutually influence each other. The significance of these findings lies in correcting the perspective that has previously treated financial literacy and accounting digitalization as two separate variables, while also emphasizing that the success of MSME digital accounting transformation needs to be understood as the result of a continuous interaction between internal business readiness and the external dynamics of evolving financial technology.

Theoretically, this research provides a contribution in the form of a conceptual framework that integrates the dimensions of financial literacy, human resource readiness, and the financial ecosystem. technology into a single, interconnected analytical model, enriching the previously partial study of digital accounting. Practically, these findings provide a foundation for MSMEs to prioritize strengthening financial literacy alongside technology adoption, for the government to direct educational programs more specifically to the most vulnerable micro-business segments, and for fintech service providers to refine their digital data-based credit scoring systems for greater inclusiveness. However, this study has limitations because it relies entirely on literature review methods without primary data or direct empirical testing in the field. Therefore, generalizations of the findings require caution. Future research is recommended to complement this conceptual framework with quantitative approaches or field case studies in specific MSME segments to empirically test the strength of the relationship between financial literacy, human resource readiness, and financial ecosystem interoperability. Technology on the quality of MSME financial management in a more measurable and contextual manner.

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