



Information System Components for Designing Financial Applications in Small and Medium Enterprises

D R Aryawibawa^{1*}, D A W Syaroni²

¹Department of Information System, Universitas Komputer Indonesia, Indonesia

²Department of Magister of Management, Universitas Komputer Indonesia, Indonesia

E-mail: devinrusty@mahasiswa.unikom.ac.id

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Abstract:

The purpose of this study is to find out the important components that form the basis of financial information system design in helping small and medium-sized businesses manage their finances so they can develop their business to the maximum. This research used study literatures from previous research about financial information system design. The result of this research is financial software that helps SMEs monitor and manage their cash flow through gadgets. Every SME needs good financial system to monitor and control their cash flow any time. Technological development nowadays could be utilized to develop it. The benefit is that SMEs can easily access their financial report through gadgets without be concerned about data damaged or data loss.

Keyword: *SMEs, Financial, Technology, Develop*

INTRODUCTION

Nowadays, the development of technology has widely used for various things and fields. Small and Medium Enterprises (SMEs) have also begun to utilize existing technology to market their products. However, utilizing technology is not effectively used in all departments, namely the financial department. Many SMEs today still conventionally use paper to record the cash flow. The most fatal shortcomings of that are paper is easily damaged and lost, and difficult to carry around. Failed to implement a good financial information system can affect an organization's success (Syaeid, 2019). Therefore, by utilizing the existing technology, SMEs are able to record the cash flow through their gadgets. Moreover, it is more effective and efficient because it is not easily damaged and lost, portable, and small (Tilahun, 2019).

The definition of accounting information system is system that operates functions of data gathering, processing, categorizing and reporting financial events with the aim of providing relevant information for the purpose of score keeping, directing instruction and decision-making (Budiarto, 2019). Currently, many SMEs have not done bookkeeping and their financial reports properly. This is due to the limited knowledge about bookkeeping and the process is quite complicated (Muchaendepi, dkk, (2019). Long-standing business and regularly well-preserved bookkeeping will positively affect the business itself (Alawi, Belfaqih, 2019). However, this

problem does not only occur in Indonesia, but also in abroad. The majority of SMEs in Zimbabwe do not have good and complete bookkeeping due to limited knowledge (Muchaendepi, dkk, 2019). The quality of one's accounting knowledge is very important to implement financial information systems (Tilahun, 2019).

The purpose of this research is to develop a financial information system for SMEs in managing their cash flow. This research used a method of interviews and description to direct informants This research used interviews and description to direct informants who barely starting business or using conventional way to manage their cash flow.

RESEARCH METHOD

The research method used to collect data is direct research on existing SMEs by interview, interaction, and observation. These methods are needed to avoid the possibility of respondents not being objective in filling out the questionnaire in collecting data (Kumar, Yugandhar, 2017). Direct observation is done to the SMEs by observing the process of recording the cash flow. steps, these left the study with a sample 30 from three Madrasah in Three city in Riau Province.

RESEARCH RESULTS AND DISCUSSION

The financial information system is designed to provide financial information for users in a company, so that it can help to solve financial problems in the company. In general, financial information systems consist of a data processing subsystem that is supported by an internal audit subsystem to provide data and internal information, and an output system component consisting of forecasting subsystems, financial management subsystems, and control subsystems. So that things that need to be considered for the provision of financial applications are the integrity of the entire financial management process which consists of budget planning, preparing budget funds, controlling the use of the budget, and assisting in the preparation of financial statements.

To develop financial software on mobile devices, developers need to know and understand the Operating System (OS) that is commonly used on mobile devices. The OS used on a mobile device is different from the one used on a computer. Most computers use Windows as the OS while the rest use Linux and Mac. On mobile devices, Android and iOS are the most commonly used OS today, although Android is the dominant one in the mobile device market (Yan, Ramachandran, 2019). The design of financial information systems on mobile devices will assist in monitoring the implementation of financial reporting.

Specifically, for designing financial information systems in accounting, there are six components that must be considered, namely individuals, data, the availability of information technology infrastructure, software, internal control measures, and procedures for its implementation. However, among the six components, the components that play an important role are individuals to ensure that the accounting information system achieves its objectives, because individuals who control the functions of the system and perform various functions. The preferences are needed in each section to be collected, placed, and store data related to the operations carried out by the organization either manually or automatically. While software in this context includes all applications that are used in the company. Personalization of accounting information systems by companies is as a holder in developing and obtaining software. The information technology infrastructure includes all devices and devices serving, and internal controls and information security requirements complement other requirements in the use of accounting information systems (See Figure 1) (Gayam, Iyungu, 2019).

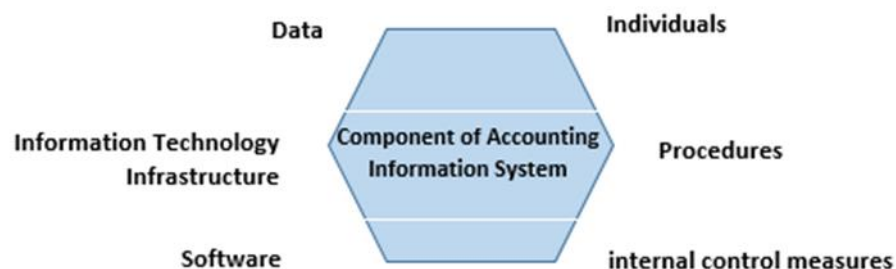


Figure 1. Component of Accounting Information System (Gayam, Iyungu, 2019).

To increase the successful use of information systems, a conceptual framework is needed by including three relevant variables, namely (1) a literature study in adapting models with various trials on moderate or independent variables when accessing information systems individually, (2) developing models by discussing various training and trials as a moderate factor between user satisfaction and the benefits of the information system, (3) proving a direct relationship between user resistance and user satisfaction. The test is an important effort to find out the weaknesses between the use of information systems that can affect system usage or the level of system failure, and have an impact on the level of user satisfaction (See Figure 2) (Kohafe, Hasan, Mohamad, 2019).

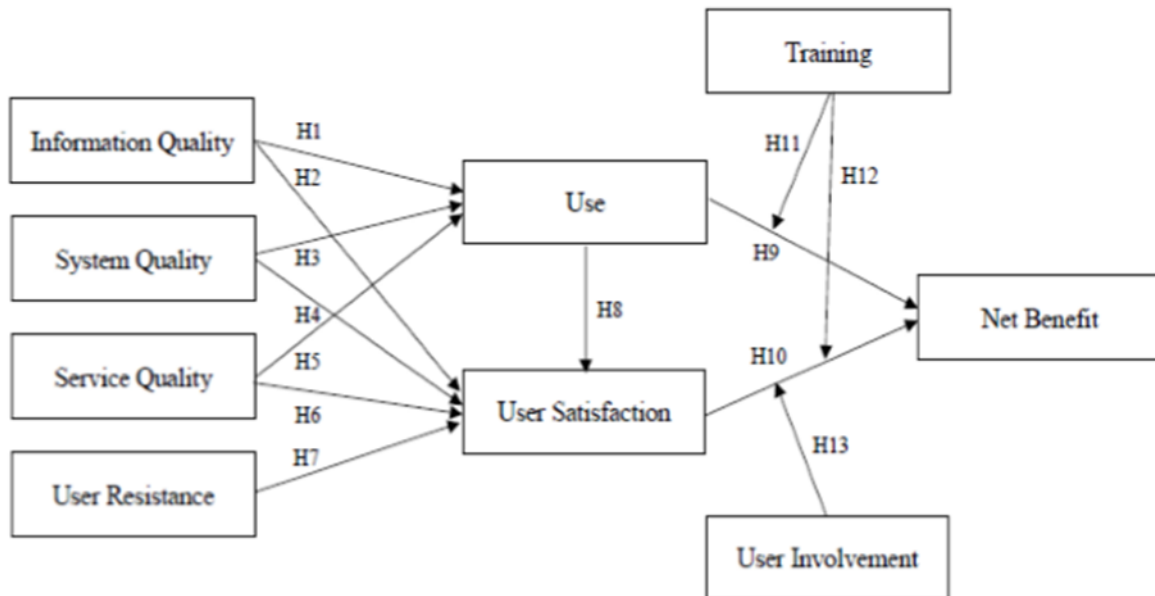


Figure 2. The Proposed Conceptual Research Framework (Kohafe, Hasan, Mohamad, 2019).

Using financial information systems can help consumers with low financial literacy in managing their finances. This is related to customers with lower finance who generally do not have knowledge of their finances and are doing more than they can, as a result of the lack of relevant financial information. More important for consumers with higher financial literacy than the person in managing their finances, because the consumer relies on professional finance. Consumers with high financial literacy trust them to have the same level of knowledge as professional finance and therefore, trust they can trust their success with financial advice. Therefore, in the consideration of a model, there is a need for financial information sources, with the following six criteria (See Figure 3) (Sabri, Aw, 2019).

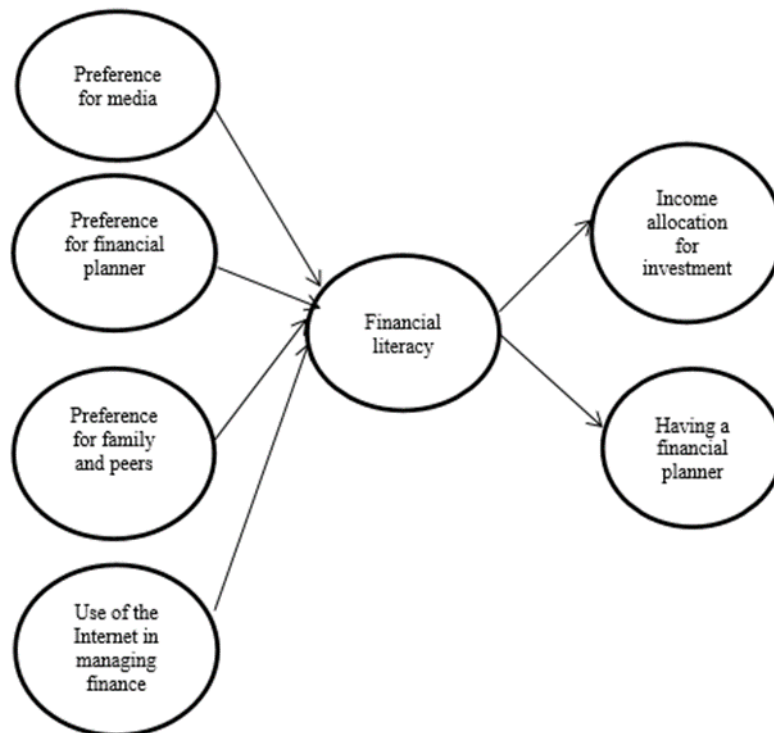


Figure 3. Research Model (Sabri, Aw, 2019).

The final component that must be considered in designing financial information systems, especially for small and medium enterprises is the preparation of a service system framework that starts from the user login stage to the final stage, namely the output of the financial statements that have been input, for more details, see Figure 4 (Wen, 2019).

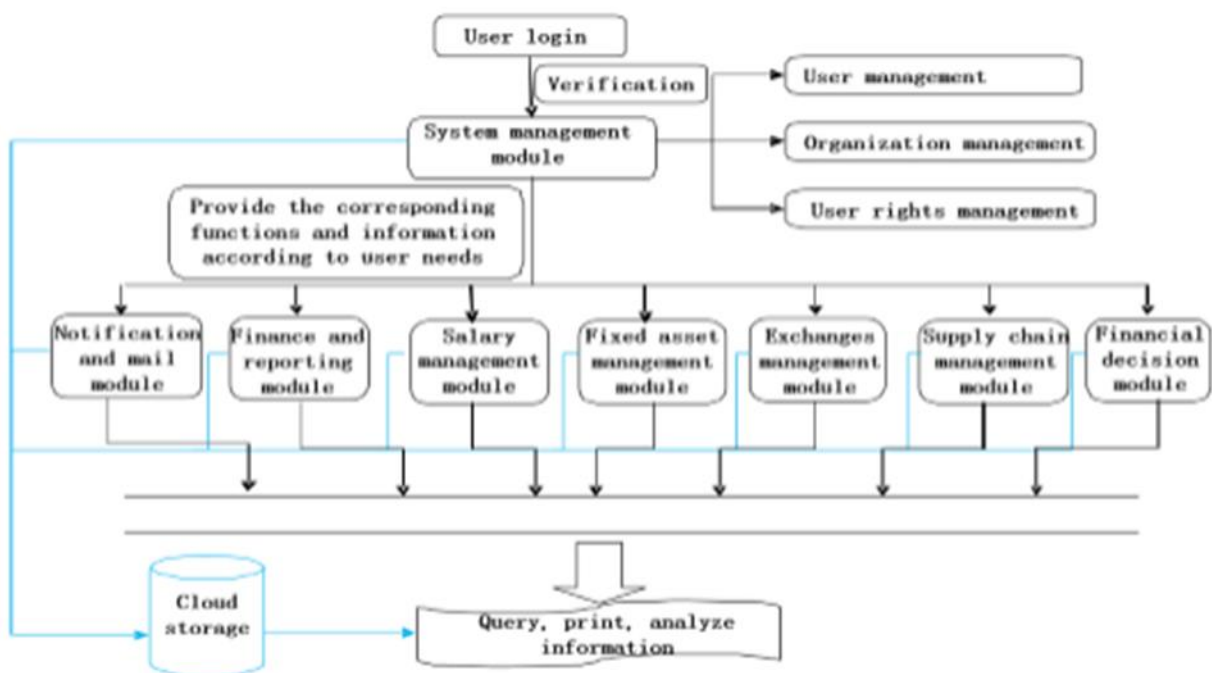


Figure 4. System Service Flow Chart (Wen, 2019).

In After knowing the basic components in the design of financial information systems for small and medium-sized businesses, the final stage after the formation of a financial information system that matches the characteristics of the business is the preparation of a special business plan to find out the latest market conditions. Therefore, small and medium businesses must note the following when making a business plan, that is, planning must be based on the business position, which comes from personal goals; analyze environmental challenges and opportunities, strengths and weaknesses in business; businesses will set business goals and strategies for their company; Next is identifying specific products and services, human and financial resources for their company; the final stage is short-term and long-term budget development. These are the translation of business plans and strategies into detailed estimates of profits, expenses, investment assets and cash requirements that can be monitored by using financial information systems, which start from the preparation of budgets and budget expenditures to monitor and control the company's production activities. that, or what is called the feedback loops (See Figure 5) (Phong, Thuong, Tien, 2019)

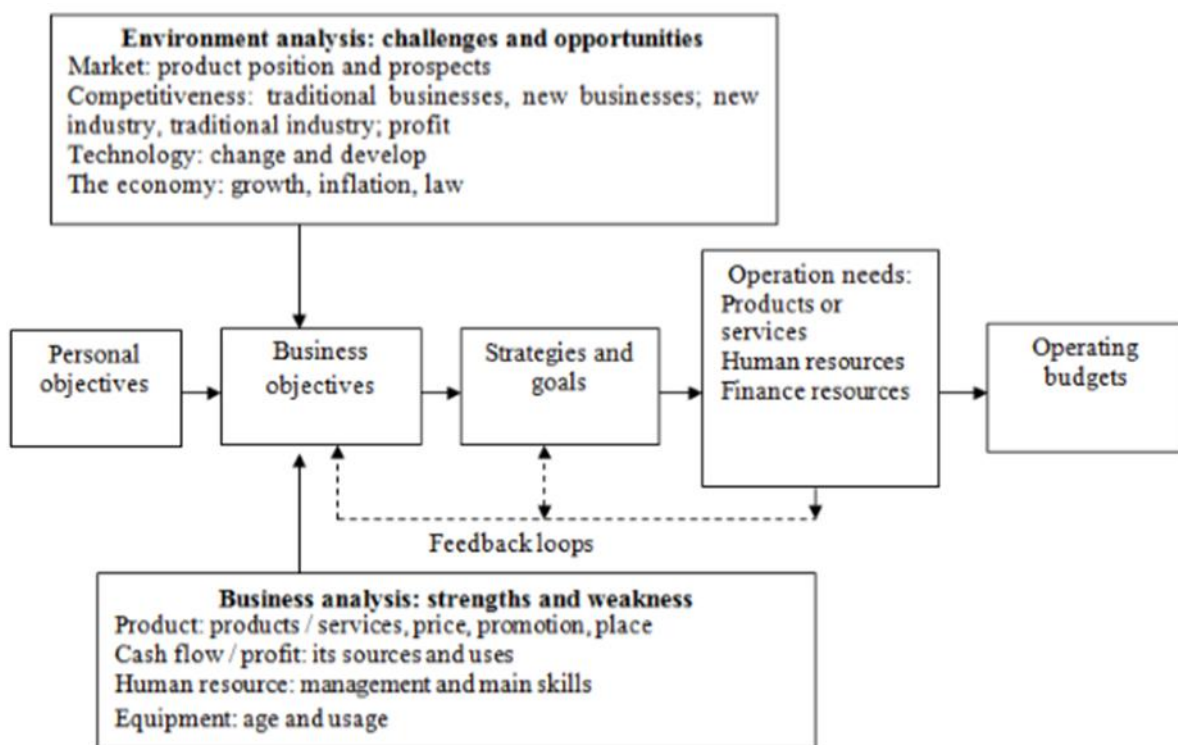


Figure 5. Business Planning Process (Phong, Thuong, Tien, 2019)

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CONCLUSION

Small and Medium Enterprises need something easy to help their business. This information system can help SMEs to carry out business activities easily, effectively, and efficiently. Storing financial data manually using paper is very risky because of its low paper durability. Data quality also needs to be considered. Certain human resources are needed to pay attention to the quality of the data that is processed and presented because it will affect the financial information system later, so that every component in the design of the financial information system that will be used must be full of consideration, because it will have an impact on the preparation of the business plan process in the future.

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