

Development of Financial Report Information System as an Effort to Increase MSME Accountability

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) of painting products have quite diverse financial transaction activities, starting from the purchase of materials, the production process of artworks, to the sale of paintings. However, in practice, MSMEs of painting products generally do not have a structured financial recording and reporting system, so that the financial information generated has not been able to support accountability and optimal business decision making. This research aims to develop a financial reporting information system as an effort to increase accountability in MSMEs of painting products. This research uses an applied research approach with a case study method. Data collection was conducted through interviews, observations, and documentation to identify the current financial recording process and the needs of MSME financial reports. The financial report information system was developed through the stages of needs analysis, system design, implementation, and testing. The resulting system is able to record financial transactions in an integrated manner and produce financial reports in the form of general journals, income statements, balance sheets, cash flow statements, and capital change reports. The results showed that the implementation of the financial report information system was able to improve the process of recording transactions and improve the quality of financial reports of MSMEs of painting products. Financial information becomes more accurate, systematic, and transparent, so that it can support increased accountability and help business owners in making financial decisions. Thus, the development of a financial report information system is an effective solution in supporting the financial governance of MSMEs of painting products.

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) of painting products are one form of creative business that has economic potential as well as high artistic value. Business activities in painting product MSMEs involve various financial transactions, such as purchasing materials, the production process of artworks, selling paintings, and managing business cash.(Arsana & Lestari, 2021; Meol et al., 2024) . However, in practice, many painting product MSMEs do not have a structured and well-documented financial recording system. Financial recording is generally still done manually and simply, so it is not able to produce complete and accurate financial reports .(Babayo & Milala, 2024; Kabwe, 2023; Khasanah, 2022)

These financial management problems are also found in MSMEs of painting products which are the object of this research. Based on the results of observations and interviews, recording financial transactions in MSMEs is still limited to recording daily income and expenses without clear account

groupings. This condition makes it difficult for business owners to know the amount of business profit, financial position, and cash flow with certainty. In addition, the absence of systematic financial reports has an impact on the low accountability of business finances, because owners do not have a strong basis to account for business financial management in a transparent manner.

Financial reports have an important role as an accountability and decision-making tool for MSMEs. Financial information that is systematically compiled can help MSME actors evaluate business performance, control the use of capital, and plan future business development(Handayani & Mahendrawathi, 2019; Sunoko et al., 2022). In painting product MSMEs, good financial reports are also needed to determine the contribution of each work to business income and to manage production costs more efficiently. Without adequate financial reports, business decision-making tends to be based on subjective estimates that risk causing errors.

The development of information technology provides an opportunity for MSMEs of painting products to improve financial management through the implementation of a financial statement information system. This system allows recording transactions to be carried out in an integrated manner(Bakri et al., 2023; Budiman et al., 2024; Sudipa et al., 2023), so that it can produce financial reports such as general journals, income statements, balance sheets, and cash flow statements automatically. With the financial statement information system, MSME players can obtain accurate and timely financial information to support business accountability.

Based on these problems, this research aims to develop a financial report information system for MSMEs of painting products as an effort to increase financial accountability. The system developed is expected to assist business owners in preparing financial reports systematically, increase transparency in financial management, and support more precise and sustainable business decision making.

2. Literature Review

Financial Accountability of MSMEs

Financial accountability is the ability of a business entity to account for the management of financial resources in a transparent, accurate and reliable manner. In the context of MSMEs, financial accountability is an important aspect because it is directly related to business continuity, managerial decision-making, and access to external financing(Anisah & Crisnata, 2021; Indriastuti & Kartika, 2022). However, various studies show that most MSMEs still have a low level of financial accountability due to limited accounting knowledge and the unavailability of an adequate financial recording system. This condition causes the resulting financial information to be incomplete and difficult to use as a basis for evaluating business performance.

Financial Reporting in MSMEs

Financial statements serve as the main means of presenting information about the financial position, business performance, and cash flow of an entity. For MSMEs, systematically compiled financial statements can help business owners measure profits, control costs, and plan business development.(Wahlen et al., 2022). However, in practice, MSMEs often only prepare simple financial reports or even do not prepare financial reports at all. This limitation causes MSME actors to have difficulty in understanding the overall financial condition of the business and has an impact on the low quality of decision making.

Accounting Information Systems and MSMEs

Accounting Information System (AIS) is a system designed to collect, record, process, and present financial information in an integrated manner. The application of AIS in MSMEs can help improve the quality of transaction recording and produce more accurate and timely financial reports. Several previous studies have shown that the use of financial reporting information systems can increase the transparency and financial accountability of MSMEs. With a computerized system, the recording process becomes more systematic and reduces the risk of recording errors. Therefore, the development of financial statement information systems is a relevant solution to improve the accountability and financial governance of MSMEs, including MSMEs of painting products that have the characteristics of creative business transactions.

3. Research Methods

Research Design

This research uses an *applied research* approach with a case study method on MSMEs of painting products that are the object of research. This approach was chosen because the research not only aims to examine financial management problems, but also to produce solutions in the form of financial reporting information systems that can be applied directly to these MSMEs.

Data collection was conducted through interviews, observation, and documentation. Interviews were conducted with the owners of MSMEs of painting products to obtain information about the current financial recording process, constraints faced, and the need for financial reports. Observations were made to understand the flow of business transactions, starting from the purchase of painting materials, the production process, to the sale of paintings. Documentation was used to collect supporting data in the form of transaction records, sales notes, and simple financial reports previously used by MSMEs.

The development of a financial report information system is carried out through several stages, namely needs analysis, system design, implementation, and testing. In the needs analysis stage, the types of financial reports required by MSMEs of painting products are determined, including general journals, income statements, balance sheets, cash flow statements, and capital change reports. The design stage is focused on preparing the flow of recording transactions in accordance with the characteristics of the painting product business. System implementation is done by building an application that is able to record financial transactions and generate financial reports automatically. System testing is carried out to ensure that each system function runs well and the financial reports generated are in accordance with MSME transaction data.

4. Results and Discussions

System Design

To provide a clear picture of the system design in this study, the authors used the Unified Modeling Language (UML) design method which involves several system design flows including Use Case Diagrams, Activity Diagrams, Sequence Diagrams and Class Diagrams.

Use Case Diagram

The Use Case Diagram in this design aims to display the main processes in the Financial Report Information System at the Web-based UMKM Kartini Painting Shop. This Use Case Diagram consists of 2 users connected to the main process. Admin can manage all information system data, starting from user data, account data, income transaction data, expenditure transaction data and reports. The following is a context diagram of the design of the Financial Report Information System at the Web-Based Kartini Painting Shop UMKM

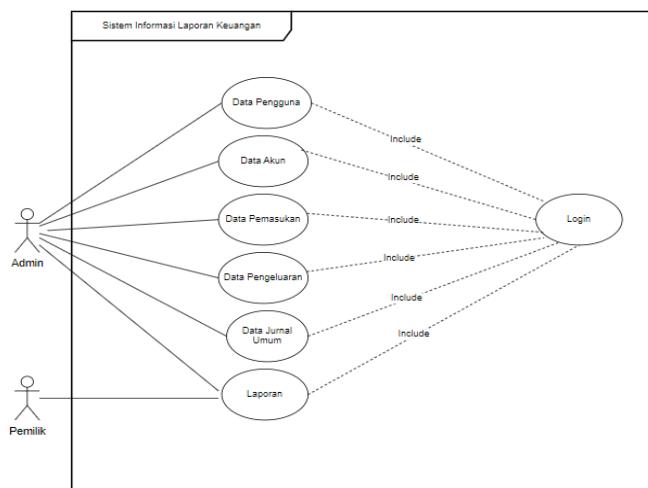


Fig.1. Use Case Diagram

In the use case diagram a use case description is also needed. Use case description is a table used to create and explain detailed information about each use case.

System Implementation

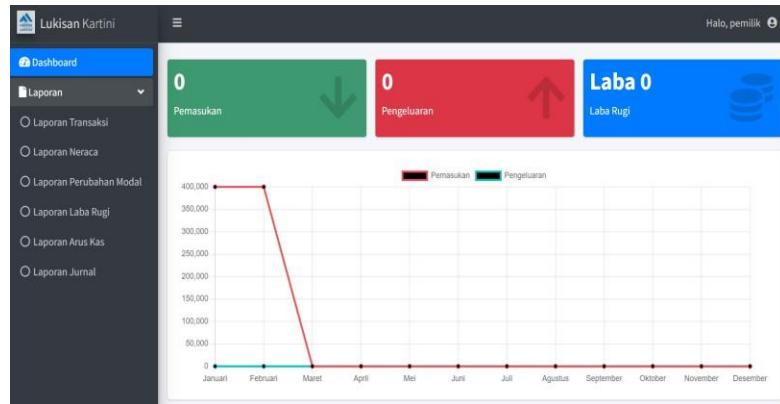


Fig.2. Dashboard Page

Figure 2 shows the main page of the financial reporting information system developed for MSMEs of painting products. This page provides a menu for recording transactions, managing accounts, and creating financial reports. The menu structure is designed to be simple for easy use by MSME owners who do not have an accounting background.

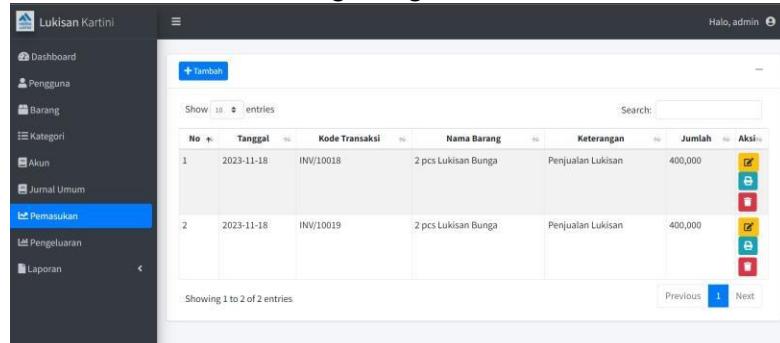
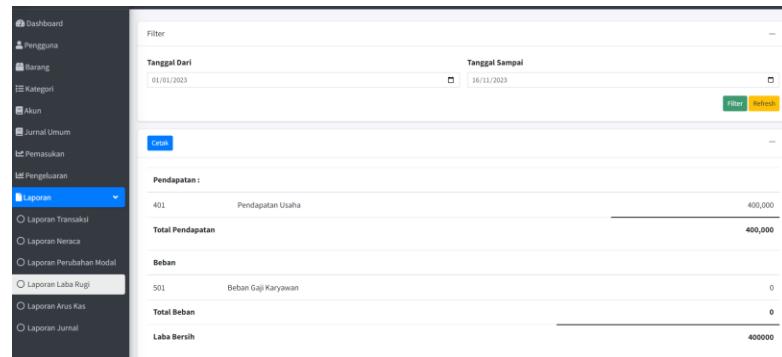


Fig.3. Income Transaction Data Page

Figure 3 displays the form for recording financial transactions of MSMEs of painting products. Each transaction, both painting sales and material purchases, is recorded by selecting the appropriate account. The system automatically processes the transaction data into a general journal. This integrated recording helps reduce recording errors and ensures that every transaction is well documented.

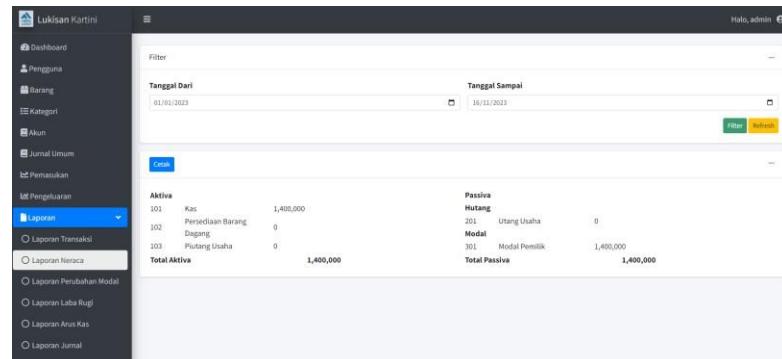


The screenshot shows the Income Statement Page. The left sidebar has a 'Laporan' section with 'Laporan' selected. The main area has a 'Filter' section with 'Tanggal Dari' set to '01/01/2023' and 'Tanggal Sampai' set to '16/11/2023'. Below this is a table with columns 'Pendapatan', 'Beban', and 'Laba Bersih'. The data shows:

| Pendapatan : | 401 Pendapatan Usaha | 400,000 |
|--------------|-------------------------|----------------|
| | Total Pendapatan | 400,000 |
| Beban | 501 Beban Gaji Karyawan | 0 |
| | Total Beban | 0 |
| | Laba Bersih | 400,000 |

Fig.4. Income Statement Page

Figure 4 shows the income statement generated by the system. This report presents information about revenue from painting sales, operating expenses, and net profit in a certain period. With the income statement, MSME owners of painting products can evaluate business performance and know the contribution of revenue from sales activities to business profits.

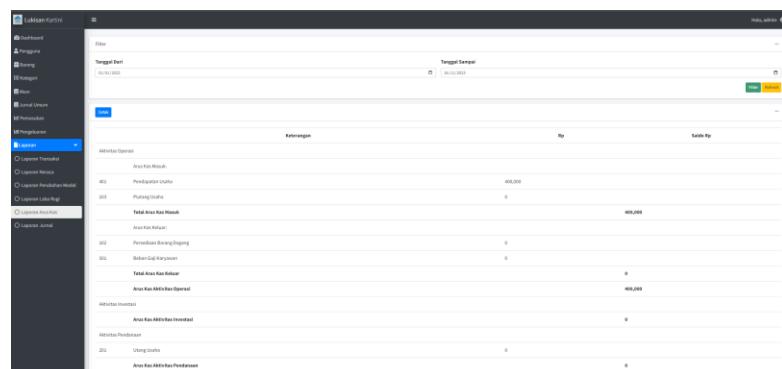


The screenshot shows the Balance Sheet Report Page. The left sidebar has a 'Laporan' section with 'Laporan' selected. The main area has a 'Filter' section with 'Tanggal Dari' set to '01/01/2023' and 'Tanggal Sampai' set to '16/11/2023'. Below this is a table with sections 'Aktiva' and 'Passiva'. The data shows:

| Aktiva | 101 Kas | 1,400,000 | |
|---------|-----------------------|------------------|--|
| | 102 Persediaan Barang | 0 | |
| | 103 Dagang | 0 | |
| | Total Aktiva | 1,400,000 | |
| Passiva | Hutang | | |
| | 201 Utang Usaha | 0 | |
| | Modal | | |
| | 301 Modal Pemilik | 1,400,000 | |
| | Total Passiva | 1,400,000 | |

Fig.5. Balance Sheet Report Page

Figure 5 displays a balance sheet report that illustrates the financial position of MSMEs of painting products, including assets, liabilities, and capital. This report helps business owners understand their overall financial condition and serves as a basis for accountability for managing business capital.



The screenshot shows the Cash Flow Statement Page. The left sidebar has a 'Laporan' section with 'Laporan Kini' selected. The main area has a 'Filter' section with 'Tanggal Dari' set to '01/01/2023' and 'Tanggal Sampai' set to '16/11/2023'. Below this is a table with sections 'Aktivitas Operasi', 'Aktivitas Investasi', and 'Aktivitas Pendanaan'. The data shows:

| Aktivitas Operasi | 401 Pendapatan Usaha | 400,000 | |
|---------------------|----------------------------------|----------------|--|
| | 402 Pluitang Usaha | 0 | |
| | Total Aktivitas Operasi | 400,000 | |
| Aktivitas Investasi | 502 Persediaan Barang Masuk | 0 | |
| | 503 Dikurangi | 0 | |
| | Total Aktivitas Investasi | 0 | |
| Aktivitas Pendanaan | 201 Utang Usaha | 0 | |
| | 202 Pendanaan Modal | 0 | |
| | Aktivitas Pendanaan | 0 | |

Fig.6. Cash Flow Statement Page

Figure 6 shows the cash flow report generated by the system. The cash flow report provides information on the flow of cash in and out of business operational activities. With this report, MSME owners of painting products can better manage business liquidity and avoid cash shortage problems.

Discussion

The results showed that before the implementation of the financial reporting information system, MSMEs of painting products were still recording finances manually and unstructured. Recording only includes income from painting sales and expenses for purchasing materials without clear account groupings. This condition makes it difficult for business owners to know the amount of net profit, financial position, and business cash flow accurately. In addition, the absence of a complete financial report results in low financial accountability of MSMEs of painting products. Overall, the implementation of a financial report information system in painting product MSMEs has proven to be able to improve the quality of financial recording and reporting. This system not only facilitates the preparation of financial reports, but also increases the financial accountability of MSMEs through the provision of accurate, transparent and accountable information. These findings suggest that the development of a financial reporting information system is a relevant and effective solution in supporting the financial governance of MSMEs of painting products.

5. Conclusion

Based on the results of the study, it can be concluded that MSMEs of painting products which are the object of research do not have a structured financial recording and reporting system before the implementation of the financial statement information system. Financial records that are carried out manually cause difficulties in knowing the financial condition of the business accurately and have an impact on the low level of financial accountability. The development of a financial report information system has proven to be able to overcome these problems by providing an integrated transaction recording mechanism and producing complete and systematic financial reports. The resulting financial reports help MSME owners of painting products monitor financial performance, determine business profits, and manage cash flow better. In addition, the application of financial statement information systems also plays a role in increasing the accountability of MSMEs of painting products. The resulting financial information becomes more transparent and accountable, thus supporting more precise and sustainable business decision making. Thus, the financial statement information system does not only function as a recording tool, but also as a means of improving the financial governance of MSMEs of painting products.

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