

# EMPOWERING SOCIETY 5.0

## DIGITALIZATION, SUSTAINABILITY, AND GLOBAL COLLABORATION



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# **EMPOWERING SOCIETY 5.0: DIGITALIZATION, SUSTAINABILITY, AND GLOBAL COLLABORATION**

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**PENERBIT YAYASAN FATIH AL KHAIRIYYAH**

# **Empowering Society 5.0: Digitalization, Sustainability, and Global Collaboration**

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## PREFACE



Praise be to Almighty God for the completion of this book entitled *Empowering Society 5.0: Digitalization, Sustainability, and Global Collaboration*. This book emerges from the collective spirit of scholars, researchers, and practitioners from various countries who share insights, research findings, and best practices in addressing the dynamics of the *Society 5.0* era a human-centered society supported by the advancement of digital technology.

The keyword “Empowering Society 5.0” reflects the central theme of this book: how societies including academics, micro-enterprise actors, educators, and global communities adapt and innovate in an increasingly digital world. Empowerment in this context goes beyond technological mastery; it embodies awareness, empathy, and cross-sector collaboration aimed at fostering inclusive and sustainable progress. This spirit is evident throughout the chapters, which explore themes such as digital literacy, artificial intelligence (AI), blended learning, and women empowerment, representing human-oriented transformations in the digital age.

The subtitle “Digitalization, Sustainability, and Global Collaboration” captures the three major pillars that frame the entire book.

- Digitalization highlights the transformation of systems and processes across sectors, including the digitalization of SMEs’ financial reports through the SIAPIK application, the adoption of *Electronic Medical Records (EMR)* in healthcare, and the integration of *AI* and *blended learning* in education.

- Sustainability addresses issues of economic and social resilience through green accounting practices, strengthening SMEs' competitiveness, and promoting culture-based sustainable tourism.
- Global Collaboration showcases the shared commitment of contributors from Indonesia, Malaysia, Thailand, and Russia, emphasizing the necessity of international cooperation in navigating both challenges and opportunities in the era of 5.0.

This *Book* adopts an academic and international tone, encompassing a wide range of disciplines including economics, education, health, culture, and international relations. Its interdisciplinary approach makes this volume not only valuable for academics but also for policymakers, practitioners, and communities committed to sustainable human development.

Furthermore, "Empowering Society 5.0" embodies an inclusive and futuristic vision. The term *empowering* conveys positivity and participation, aligning with the principles of the United Nations Sustainable Development Goals (SDGs) and the vision of *Society 5.0* a society that harmonizes technological advancement with human well-being.

It is our hope that this book will inspire readers to continue contributing to the creation of an adaptive, innovative, and collaborative society in the digital era. We extend our deepest gratitude to all authors, academic partners, and institutions that have supported this publication. May this work serve as both an inspiration and a foundation for further initiatives that empower society toward a sustainable and human-centered future.

**Jakarta Barat, Desember 2025**

**Prof. Dr. Ignatius Roni Setyawan, SE, M.Si.**

**Tarumanagara University**

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**PART I**

**DIGITAL TRANSFORMATION AND  
INNOVATION**

# Chapter 1

## Digitalization of SMEs Financial Statement with SIAPIK Application

By: Eko Cahyo Mayndarto



### The Strategic Role of MSMEs

Micro, Small, and Medium Enterprises (MSMEs) hold a highly strategic position in Indonesia's economic development. As the foundational sector of the national economy, MSMEs make significant contributions to Gross Domestic Product (GDP), job creation, and export growth, particularly in the non-oil and gas sectors. Their presence does not merely reflect small-scale business activities, but also highlights their vital role in supporting inclusive and equitable economic growth.

According to data from the Ministry of Cooperatives and Small and Medium Enterprises in 2019, MSMEs contributed 57.14% to Indonesia's GDP, equivalent to approximately IDR 7,034.14 trillion. Moreover, MSMEs employed 96.92% of the national workforce, amounting to over 119 million people. In the export sector, MSMEs accounted for 15.65% of total non-oil and gas exports, valued at around IDR 339.19 trillion. These figures demonstrate that MSMEs serve not only as a pillar of the domestic economy but also as key

players in strengthening Indonesia's competitiveness in the global market.

Despite their substantial role, MSMEs face various structural and systemic challenges that hinder their development. One of the primary obstacles is limited access to financing. Many MSME actors struggle to obtain funding from formal financial institutions due to a lack of collateral or incomplete administrative documentation. A survey conducted by Bank Indonesia in 2020 revealed that stringent banking requirements, perceived burdensome loan interest rates, and limited information regarding financial products are the main factors restricting MSMEs from accessing credit.

Another critical challenge is the low level of digital readiness. Most MSMEs have yet to optimally utilize digital technologies for financial recording, product marketing, or distribution. The lack of digital literacy hinders their ability to fully leverage digital tools to enhance business efficiency and expand market reach.

Additionally, limited market access remains a significant barrier. Although MSME products hold strong potential, many business owners are still unable to enter broader markets, including digital platforms and export markets. Low utilization of market opportunities and the lack of integration of MSMEs into global supply chains significantly impede their growth and optimal development.

Some positive developments can be seen in the financing sector for MSMEs. According to data from the General Banking Report (Laporan Bank Umum), total financing for MSMEs increased from IDR 1,434 trillion in October 2023 to IDR 1,448 trillion in November 2023. Nevertheless, this figure remains relatively low compared to the estimated 64 million active MSMEs in Indonesia, indicating a significant financial access gap.

To bridge this gap, collaborative and integrated strategies are needed between the government, financial institutions, and supporting agencies. One strategic approach is to promote financial

literacy and digitalization in MSME financial management particularly through the use of the SIAPIK application. Developed by Bank Indonesia, SIAPIK aims to simplify the financial reporting process for MSMEs, improve the quality of financial governance, and strengthen their access to financing.

## **Financial Planning as the Foundation of MSME Sustainability**

Financial planning is a fundamental aspect of managing Micro, Small, and Medium Enterprises (MSMEs). With well prepared and structured financial planning, business actors can maintain cash flow stability, enhance business resilience against various risks, and maximize growth potential over the long term. Therefore, financial planning should be a top priority for MSMEs in order to support the sustainability of their business endeavors.

### **1. Fundamental Principles of Financial Planning for MSMEs**

Several strategic steps are essential to be implemented in the financial planning of Micro, Small, and Medium Enterprises (MSMEs), including the following:

- a. **Separating Personal and Business Finances.** Clearly distinguishing between personal and business finances is a fundamental principle that is often neglected by MSME owners. This lack of separation can lead to confusion in objectively evaluating business performance and hinder effective financial management (Finansialku.com, 2023). Therefore, MSME actors must separate bank accounts and record transactions independently to ensure transparency and accuracy in financial reporting.
- b. **Budgeting Expenditures Wisely.** Budget preparation should be based on realistic income and operational needs. Unplanned spending may disrupt business liquidity and hinder the fulfillment of financial obligations. Hence, careful

budgeting is necessary to ensure smooth business operations.

- c. **Controlling Cash Flow.** Detailed recording of all income and expenses is crucial to ensure that the business maintains a positive cash flow. A healthy cash flow is a key indicator of business viability, especially when applying for financing from financial institutions.
- d. **Preparing an Emergency Fund.** MSMEs need to allocate reserve funds to handle unexpected emergencies such as sudden drops in sales, production equipment failures, or other extraordinary events. An emergency fund functions as a buffer that allows the business to continue operating despite financial disruptions.
- e. **Protecting Business Income and Assets.** Business protection may include insurance coverage for physical premises as well as legal safeguards to prevent litigation risks. In addition, MSMEs should prepare risk mitigation strategies to minimize potential losses due to market volatility or external shocks.
- f. **Implementing Measured Diversification and Expansion.** Diversifying products and markets is a crucial strategy to reduce dependency on a single revenue stream. Through measured expansion, MSMEs can tap into new opportunities while enhancing long-term income stability.

## **2. Technical Steps in Financial Recordkeeping**

To ensure effective financial planning, financial records must be maintained in a systematic and well organized manner. The following technical steps are recommended:

- a. **Collecting Transaction Evidence and Recording It in a Journal.** Every transaction must be supported by documentation such as receipts, invoices, payment slips, or other related documents. These records serve as the

foundation for compiling accurate financial statements (Sahabat Pegadaian, 2022).

- b. Preparing Financial Statements Periodically. Financial reports such as the balance sheet, income statement, and cash flow statement serve as evaluation tools to understand the current condition of the business. These reports are essential for strategic decision making and are often required when seeking financing from banks or investors.

### **3. Benefits of Financial Planning for MSMEs**

Comprehensive financial planning offers tangible benefits, including:

- a. Facilitating access to financing, as complete financial reports serve as the basis for financial institutions and investors to assess the viability of a business.
- b. Protecting the business from the risk of loan default through proper management of cash flow and timely fulfillment of financial obligations.
- c. Increasing the potential for financial independence, allowing the business to fund its own operations without relying on external financing.
- d. Promoting sustainable business development goals through well-structured planning and regular evaluations.

### **4. Planning Personal Finances as an MSME Entrepreneur**

In addition to managing business finances, MSME entrepreneurs must also engage in separate personal financial planning to avoid overlaps that can disrupt effective business management. Several key practices to consider include:

- a. Setting a regular personal payday to ensure personal finances are managed properly and do not interfere with business capital.

- b. Determining a salary amount drawn from business profits, not from the core capital, to ensure business funds remain intact for growth and development.
- c. Using separate bank accounts for personal and business finances to ensure clear and measurable financial recordkeeping.
- d. These steps are crucial for maintaining accurate business financial records, facilitating performance evaluations, and enhancing professionalism in financial management.

## **The Importance of Financial Recordkeeping for MSMEs in Ensuring Business Sustainability**

Financial recordkeeping is a fundamental aspect of business management, particularly for Micro, Small, and Medium Enterprises (MSMEs). Unfortunately, many MSME entrepreneurs in Indonesia have not fully realized the urgency of maintaining systematic and standardized financial records. In fact, effective financial documentation not only plays a critical role in managing internal operations but also serves as a strategic tool for gaining access to financing, establishing partnerships, and obtaining legal permits.

### **1. Functions of Financial Statements for MSMEs**

Financial statements serve several key functions that support both the operations and growth of MSMEs. These core functions include:

- a. **Separating Personal and Business Finances.** Clear financial statements allow business owners to distinguish between personal and business transactions. This separation supports effective financial control and enables objective performance evaluation, thereby facilitating better business decision making (Siregar, 2021).
- b. **Understanding Business Assets and Wealth.** Financial statements provide insights into the business's current and

fixed assets, liabilities, and equity. This helps entrepreneurs better understand their enterprise's net worth and plan effective asset management strategies.

- c. Identifying Profit and Loss. Through the income statement, MSMEs can determine whether they are operating at a profit or a loss over a certain period. This information is crucial for evaluating business performance and making necessary improvements in strategic planning.
- d. Evaluating Business Performance and Planning for Expansion. Financial information can be used to measure business efficiency and develop realistic, targeted plans for business expansion in both the medium and long term.
- e. Meeting Requirements for Loans and Investments. Financial institutions and investors require accurate and transparent financial statements to assess the viability of a business before providing loans or investment capital (Ministry of Cooperatives and MSMEs, 2020).
- f. Facilitating Legal and Certification Processes. Many government institutions and certification bodies require financial reports as part of the administrative requirements for business permits or certification processes.

## **2. Information Asymmetry Issues Between MSMEs and Financial Institutions**

One of the most significant barriers in MSMEs' access to financing is the existence of information asymmetry between business owners and financial institutions. This gap in information is caused by several key factors:

- a. The low level of awareness among MSME entrepreneurs regarding the importance of maintaining accurate and consistent financial records.
- b. The perception that financial recordkeeping is a complex task requiring specialized skills.

- c. Limited financial literacy among MSME actors, which hinders their understanding of the processes and benefits of proper financial documentation.

The consequence of this information asymmetry is the absence of financial reports that adhere to standard accounting principles. As a result, financial institutions lack the historical data necessary to objectively assess the risks and potential of a business, leading to decreased confidence and a lower rate of credit distribution to the MSME sector (OECD, 2019).

### **3. Solution: Promoting Digital Financial Recordkeeping**

To address these challenges, the digitalization of financial recordkeeping has become a vital intervention. The development of applications such as SIPIK (Sistem Aplikasi Pencatatan Informasi Keuangan), initiated by Bank Indonesia, is a significant innovation aimed at assisting MSME actors in recording their financial transactions easily and efficiently, even without advanced knowledge of accounting.

Through the SIPIK application, users are only required to regularly input income and expense data. The system then automatically generates standard financial reports, including income statements, balance sheets, cash flow statements, and financial ratios. In this way, financial recordkeeping is no longer seen as an administrative burden but rather as a strategic tool to foster sustainable business growth.

The adoption of digital financial recordkeeping is expected to improve the quality of MSME financial data, reduce information asymmetry, and directly enhance the trust of financial institutions in MSME actors. With more transparent and accurate data access, MSMEs will have greater opportunities to secure financing and establish strategic business partnerships.

# **MSME Financial Statements**

## **1. The Importance of Financial Statements for MSMEs**

Financial statements are vital instruments that reflect the economic condition of a business entity, including Micro, Small, and Medium Enterprises (MSMEs). The availability of financial statements allows business owners to conduct comprehensive performance evaluations, plan future business strategies, and establish partnerships with external parties such as financial institutions and investors. Successful financial statement management is one of the key factors for MSMEs in maintaining business continuity and expanding access to funding opportunities.

According to Law No. 20 of 2008 on MSMEs, one of the fundamental challenges faced by MSME actors in securing formal financing or capital access is the unavailability or inadequacy of proper financial statements. Therefore, preparing accurate and structured financial reports is a crucial prerequisite for the development and sound management of MSMEs.

## **2. Types of Primary Financial Statements for MSMEs**

In practice, Micro, Small, and Medium Enterprises (MSMEs) are advised to prepare three main types of financial statements as the foundation for managing and monitoring their business finances, namely:

### **a. Statement of Financial Position (Balance Sheet)**

The Statement of Financial Position, commonly known as the Balance Sheet, is one of the primary components of financial reporting that provides a comprehensive overview of a business's financial condition at a specific point in time. This report includes three key elements: assets, liabilities, and owner's equity. Assets represent the resources owned by the business that are expected to provide future economic benefits. Liabilities are obligations or debts that must be fulfilled to other parties. Owner's equity reflects the

residual interest in the assets of the business after deducting liabilities.

The presentation of the balance sheet offers a snapshot of the financial position of a business, which is essential for entrepreneurs in assessing the overall health of their operations. This information enables business owners to identify financial strengths, evaluate their capacity to meet financial obligations, and assess opportunities for investment and business development with greater insight.

By understanding the balance sheet, MSME owners can make informed operational decisions, such as managing inventory, regulating debt, and determining the required capital to support business growth. The balance sheet also aids in assessing a company's liquidity by analyzing current assets and short-term liabilities, as well as measuring solvency by comparing total assets to total liabilities.

In addition to internal needs, the balance sheet is a critical document for creditors and investors when evaluating the feasibility of capital or loan applications. A balance sheet that is prepared accurately and transparently enhances external stakeholders' trust in the stability and credibility of the business. Therefore, the balance sheet plays a strategic role in helping MSMEs gain access to formal financing and broader investment opportunities.

As a business evolves, the statement of financial position, when integrated with other financial reports such as the income statement and the cash flow statement, offers a complete and holistic picture of the financial health of the enterprise. Consequently, learning and understanding how to read and prepare a balance sheet should be an essential part of financial literacy for every MSME actor to ensure sound and sustainable financial management.

#### b. Income Statement

The Income Statement is one of the key financial reports that provides a comprehensive summary of a business's total revenues and expenses over a specific period, which may be monthly,

quarterly, or annually. This report presents the final outcome of the company's operational activities during that period indicating whether the business earned a profit or incurred a loss.

The primary function of the income statement is to measure the profitability of a business by assessing the difference between revenues and expenses within a given time frame. Additionally, it reflects the company's operational efficiency, as effective expense management can maximize revenue and enhance overall profitability. Thus, the income statement serves as a crucial indicator for evaluating the financial health and performance of a business.

The insights provided by the income statement are valuable not only to internal stakeholders, such as management and business owners, for internal evaluation but also to external parties including financial institutions, investors, and business partners. These stakeholders use the income statement to assess business sustainability, growth potential, and to inform strategic decisions, including the provision of financing or investment.

Furthermore, the income statement serves as the foundation for business planning and strategic decision-making, such as product development, cost management, and business expansion. By gaining a clear understanding of income and expense composition, MSME actors can exercise more effective financial control and enhance their competitiveness in the marketplace.

The preparation of income statements must be done accurately and consistently to reflect the actual financial condition of the business. Systematic recordkeeping practices and the use of appropriate accounting methods help ensure the quality of the reports. Additionally, digital financial recording applications can significantly ease the process for business owners in generating reliable income statements.

In conclusion, the income statement is a fundamental performance measurement tool that facilitates financial evaluation and serves as a critical component of comprehensive financial

reporting. Therefore, proper management in the preparation and utilization of this report is essential for the professional and sustainable management of MSMEs.

### c. Cash Flow Statement

The Cash Flow Statement is one of the essential components of financial reporting, providing detailed information on the inflow and outflow of cash over a specific period. This report includes three primary business activities: operating, investing, and financing activities. Operating activities refer to cash receipts and disbursements related to daily business operations, such as sales income and payments to suppliers. Investing activities involve the purchase or sale of fixed assets and long-term investments, while financing activities cover cash transactions related to capital sources, such as loans and dividend payments.

Cash flow health is a critical indicator of a business's ability to meet its short-term obligations. With a positive and healthy cash flow, a business can repay debts on time, fund its operations, and make necessary investments for future development. Conversely, prolonged negative cash flow can serve as an early warning sign of potential liquidity issues that may threaten business continuity.

In addition to serving as a liquidity indicator, the cash flow statement also acts as a bridge between the income statement and the balance sheet. As a connecting document, it provides a comprehensive overview of how profits are converted into cash and how assets and liabilities affect the movement of cash within the business. This contributes to greater transparency regarding the sources and uses of funds, which is highly valuable for management and stakeholders in making informed decisions.

Through the cash flow statement, business owners including MSMEs can conduct more effective cash management analysis. By identifying dominant cash flow patterns and sources, they can optimize financial strategies such as scheduling payments, planning

investments, and adjusting funding to maintain financial stability. This report also facilitates short and long term cash flow monitoring.

The importance of the cash flow statement is also recognized by external parties such as creditors and investors, who rely on a realistic picture of a business's liquidity and solvency before providing financing or investment. Therefore, the cash flow statement is an integral part of financial reporting that meets accounting standards and accurately reflects the overall financial condition of a company.

In modern financial recording practices, the use of digital applications and information technology enables business owners to prepare cash flow statements in a systematic and accurate manner. This helps reduce errors, accelerate reporting processes, and provide accountable financial information in real time.

Overall, the cash flow statement is a vital financial communication tool that not only illustrates the movement of cash within a given period but also serves as a foundation for evaluating operational performance, managing liquidity, and developing sustainable financial planning strategies.

#### d. The Financial Statement Preparation Process for MSMEs

The process of preparing financial statements for Micro, Small, and Medium Enterprises (MSMEs) begins with the systematic recording of daily financial transactions. The key steps involved include:

1. **Subsidiary Ledger.** This contains detailed records of cash, bank, accounts payable, inventory, livestock, and fixed assets transactions that support entries in the main accounts.
2. **General Journal Entry.** All financial transactions are recorded chronologically in the general journal to organize and document each transaction accurately.

3. Posting to the General Ledger. After journaling, transactions are classified into their respective accounts in the general ledger, which provides a clear view of each account's balance.
4. Preparation of the Trial Balance and Adjusting Entries. A trial balance is prepared to ensure the equality of debits and credits before adjustments are made as necessary.
5. Preparation of Final Financial Statements. This includes the creation of the balance sheet, income statement, statement of changes in equity, and cash flow statement as the final financial documents. Although this process can be carried out manually, it is often inefficient and prone to errors, particularly for business owners without an accounting background. Therefore, the use of digital accounting applications such as SIAPIK, developed by Bank Indonesia, serves as a strategic solution to guide and accelerate the financial reporting process for MSMEs (Bank Indonesia, 2022).

e. Pro Forma Accounting

Pro forma accounting is an accounting technique used to project or reflect the financial impact of a decision or event that has not yet occurred. This technique is often employed for planning and strategic decision-making in business, particularly for Micro, Small, and Medium Enterprises (MSMEs) that face dynamic market challenges. In the context of MSME management, pro forma accounting is especially useful when planning business expansion. Entrepreneurs need to assess whether additional capital or increased production will have a positive impact on financial performance and business sustainability. Pro forma data also serve as an important tool when applying for credit from financial institutions, as it provides insight into projected cash flows and the enterprise's ability to repay loans.

Moreover, pro forma accounting forms the basis for capital restructuring, allowing for adjustments in the composition of equity and liabilities. With accurate calculations and analysis, businesses can identify the most effective steps to strengthen financial conditions and minimize financial risks that may arise from changes in capital structure.

Financial projections based on pro forma techniques also offer transparent and measurable information to stakeholders, facilitating communication between business owners and investors, creditors, or business partners. In summary, the application of pro forma accounting in MSME management is a crucial component that supports data-driven and comprehensive decision making. This technique enables business owners to assess the financial impact of various business options proactively, enhance preparedness for different possibilities, and maximize opportunities for business growth.

#### f. Basic Accounting Equation

The basic accounting equation that serves as the foundation for preparing financial statements is:

$$\text{Assets} = \text{Liabilities} + \text{Equity} (+ \text{Revenue} - \text{Expenses})$$

This equation illustrates the balance in the double entry bookkeeping system, where every business transaction must be recorded equally across asset, liability, equity, revenue, and expense accounts. Understanding this equation is essential for MSME owners to maintain accurate financial records and minimize errors in their financial statements.

## **Introduction to the SIAPIK System as a Financial Recording Innovation for MSMEs**

The Financial Information Recording Application System, known as SIAPIK, is a digital innovation developed by Bank Indonesia in collaboration with the Indonesian Institute of Accountants (IAI). This system is specifically designed to assist Micro, Small, and

Empowering Society 5.0: Digitalization, Sustainability, and Global Collaboration brings together scholars, researchers, and practitioners from various countries who share insights, research findings, and best practices to address the challenges of the Society 5.0 era — a human-centered society driven by digital technology. The book explores how communities, educators, entrepreneurs, and academics adapt and innovate in an increasingly digital world. It highlights empowerment that transcends technological mastery, emphasizing awareness, empathy, and collaboration to foster inclusive and sustainable development.

Built upon three pillars — Digitalization, Sustainability, and Global Collaboration — this book discusses how technology transforms economic, educational, and social systems; how sustainability strengthens resilience through green practices and cultural tourism; and how global cooperation among nations such as Indonesia, Malaysia, Thailand, and Russia supports innovation and shared progress. The interdisciplinary nature of this volume connects economics, education, health, culture, and international relations, offering academic and practical perspectives for readers across various sectors.

More than an academic compilation, Empowering Society 5.0 embodies an inclusive and forward-looking vision aligned with the United Nations Sustainable Development Goals (SDGs). It envisions a future where technological advancement harmonizes with human well-being. This book is expected to inspire continued collaboration and innovation toward building a society that is adaptive, sustainable, and human-centered in the digital age.

