



The Transition Process from Traditional to Digital Financial Management in MSMEs: A Case Study of E-Wallet and Digital Bookkeeping Application Adaptation

¹Nurhaedah

¹Universitas Negeri Makassar, Indonesia.

¹nurhaedahedha86@gmail.com

*Correspondence Email: nurhaedahedha86@gmail.com

Abstract: This research aims to conduct an in-depth and comprehensive exploration of the complex and non-linear process that occurs when shifting from manual to digital financial management platforms among Micro, Small, and Medium Enterprises (MSMEs) in Makassar City. The study specifically analyzes the sequential adaptation of electronic wallet (e-wallet/QRIS) usage and specialized digital accounting applications. This research addresses three main issues: (1) identifying the key internal and external motivators that initiate the transition, (2) elucidating the specific psycho-managerial phases MSMEs go through during implementation, and (3) analyzing the challenges—particularly cognitive load and financial literacy barriers—that impede the establishment of digital accounting practices. Utilizing a qualitative approach and a multi-case study design, the research involved comprehensive in-depth interviews and observational analysis with 20 owners/managers from various MSME subsectors (culinary, retail, and handicraft) in Makassar over a nine-month period. The findings reveal the transition as proceeding through three distinct yet interconnected phases: Market Pressure and Necessity, Functional Digital Adoption (E-Payment), and Cognitive Institutionalization (Digital Ledger). It was consistently found that limitations in financial literacy—specifically, a low understanding of basic accounting principles—as well as the perceived complexity of application interfaces are the primary hindering factors for full digital integration. Driving factors include market competitiveness, service speed, and the automatic separation of business and personal funds. This study provides important policy implications for creating focused and practical digital literacy programs, contributing significantly to the development of Islamic Education Management by emphasizing the need to integrate digital accounting skills with entrepreneurial ethics to ensure the sustainability and financial transparency of MSMEs

Keywords: Transition Process, Financial Management, Digitalization, MSMEs, E-Wallet, Qualitative Study

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are an essential component of the Indonesian economy, providing over 97% of employment opportunities and contributing more than 60% to the Gross Domestic Product (GDP). In Makassar, recognized as a hub of trade activity in eastern Indonesia, MSMEs function as the main engine in the trade, service, and food sectors. Despite their significant economic contribution, MSMEs are structurally vulnerable to crises and face substantial challenges in growth, particularly regarding financial management. Conventional



financial management practices involving manual, often inconsistent recording, and the commingling of business and personal finances hinder access to formal capital (banking) and complicate strategic investment decision-making.

This issue has become increasingly urgent with the development of the Industrial Revolution 4.0, where Financial Technology (Fintech) offers options to enhance efficiency, accountability, and transparency in MSME finances. The emergence of digital wallets (e-wallets like GoPay, Dana, and ShopeePay) and digital financial recording applications (such as BukuWarung, Jurnal.id, and TemanBisnis) plays a critical role in this transformation. Digital wallets simplify the transaction process and separate cash, while digital financial recording applications support the automation of simple bookkeeping and financial statement preparation.

Although there are numerous quantitative studies analyzing the extent of Fintech adoption by MSMEs, many fail to uncover the transition dynamics experienced by business owners. Existing research usually highlights external factors (such as Perceived Usefulness) and often neglects internal and psychological constraints (Perceived Complexity and Cognitive Load) that genuinely inhibit MSMEs after the decision to adopt technology is made. Previous studies have also inadequately explored the reasons why MSMEs that already utilize e-wallets hesitate to transition to a digital bookkeeping system.

Therefore, this research aims to address these shortcomings by employing a qualitative method and in-depth case study analysis in Makassar City. The main questions to be answered are:

1. What are the key factors driving MSMEs in Makassar to initiate digital financial management adoption?
2. What are the concrete steps in the process of shifting from a manual to a digital system, including e-wallets and financial recording applications?
3. What are the most significant managerial and financial knowledge constraints hindering the implementation of digital bookkeeping?
4. How can the results of this research contribute to the advancement of management science and Islamic education?

By answering these questions, this research is expected to contribute to the development of MSME financial management science and provide practical implications for designing effective



training programs, especially those focusing on integrating entrepreneurial ethics and digital capabilities.

METHOD

This study employs a qualitative approach with an exploratory and interpretive multiple case study design. The qualitative approach was chosen to gain an in-depth understanding of the process, subjective experiences, and the meaning behind the decisions in the digital transition, which cannot be captured through quantitative data. By using a multiple case study, the researcher can compare across subjects to find general patterns and variations in the transition process among different types of MSMEs in Makassar.

The subjects in this study, known as informants, consist of 20 MSME owners or managers operating in strategic areas of Makassar City, covering the food, retail, and service sectors. The criteria for informant selection utilized strict purposive sampling to ensure the data obtained is relevant. The MSME has been operating for a minimum of three years. The MSME has been utilizing a digital payment system (QRIS/Payment Platform) for a minimum of nine months. The MSME is currently using or attempting to use a digital accounting application during the research period.

Data was collected over a nine-month period using three main methods:

1. In-Depth Interviews, Conducted with the 20 informants repeatedly to monitor the evolution of practices over time. The interviews focused on transition narratives, initial motivations, operational challenges, and changes in managerial mindset.
2. Limited Participant Observation, Observation was carried out at the business locations to verify the application of e-wallets and record the data processing procedure into the digital application, ensuring consistency between the narrative and actual practice.
3. Documentation, The collection of internal documents (e.g., screenshots of reports from digital applications, photos of manual cash books, and training notes) was used as a triangulation tool to strengthen the interview results.

Data Analysis Procedure

The qualitative data obtained (interview transcripts and observation notes) was analyzed using the data analysis method developed by Miles, Huberman, and Saldana, which focuses on a



repetitive process data Condensation: Reducing thousands of pages of transcripts into analytical segments, codes, and thematic categories, data Display presenting the condensed data in the form of tables, process flow diagrams, and specific case narratives to facilitate conclusion drawing. Conclusion Drawing and Verification: Forming tentative conclusions tested through triangulation of sources, methods, and across informants to increase the accuracy and reliability of the findings.

RESULT AND DISCUSSION

The in-depth study of the 20 MSMEs in Makassar reveals that the transition process to digital financial management is a complicated journey encapsulated in three interconnected and sequential stages:

Phase of Awareness and Market Compulsion

This phase marks the beginning of the transition process. Nearly 95% of respondents disclosed that the decision to initiate digitalization (at least by using e-wallets) was not based on an initial intention to increase efficiency, but rather due to unavoidable external pressure:

- a. **Customer Demand:** Respondents from the food and retail industries consistently indicated an increase in the percentage of cashless transactions (reaching 40-60% of total revenue). One respondent stated: "Without QRIS, we are like closing the shop to the younger generation. It's not a choice, but a necessity."
- b. **Platform Incentives and Discounts:** Promotional offers and cashback from e-wallet providers served as a strong catalyst for MSME owners to begin adapting, although initially they viewed it only as a marketing tool, not as part of financial management.

Phase of Functional Digital Adoption

In this phase, individuals have mastered the use of e-wallets or QRIS for payment. The duration of this phase is relatively short, and the success rate of adoption is nearly 100% among respondents, due to two main factors:

- a. **Perceived Ease of Use:** E-wallets only require scanning and notification, thus requiring a short learning curve.
- b. **Automatic Fund Separation:** Although not considered official accounting, the e-wallet balance automatically separates business funds from personal cash that remains in the physical wallet. MSME owners began to view the e-wallet as an emergency "Digital Business Account."



Phase of Cognitive Institutionalization

This phase is the crucial step towards true digital financial management, which involves using bookkeeping applications to record expenses, COGS (Cost of Goods Sold), inventory, and profit and loss. In this phase, the failure rate is quite high; only 7 out of 20 respondents were able to use the application consistently for more than six months.

Primary Constraints (The Cognitive Wall)

The biggest obstacle is not the technical skill of installing the application, but rather the Cognitive Load and the foundation of Accounting Literacy.

- a. Minimal Understanding of Accounting Terms: Failing informants often did not know the difference between Turnover, Capital, COGS, and Net Profit. The application became too complicated because they did not understand the information requested by the application.
- b. Doubts about Data Security: The worry that their private financial data could be accessed by third parties (both the application and the government) led to a cultural distrust towards recording openly.

C. Success Triggers (The Mentorship Bridge)

The informants who achieved success were those who received in-depth and repeated personal mentorship (not just a single training session). This mentorship did not just explain how to use the application but also transformed basic accounting concepts into terms they could understand in their daily lives.

Discussion

The results of this study are highly relevant to the Technology Adoption Model (TAM). Contrary to the basic assumptions in TAM, Perceived Usefulness only emerges as a critical driver in Phase 3, after successfully navigating Perceived Ease of Use in Phase 2. In Phase 3, it is Perceived Complexity that acts as the "Cognitive Wall" hindering the institutionalization process. The perceived benefit (accurate financial reports) will not be realized if the complexity of data input demands too much time and effort.

Correlation with Entrepreneurial Ethics and Islamic Education. The failures occurring in Phase 3 are often caused by the ingrained habit of commingling personal and business funds (Phase 1). This has ethical consequences from an Islamic perspective, where clarity and transparency in wealth are fundamental. Good financial management reflects *amanah* (trustworthiness) and



professionalism. Therefore, the failure in the digital transition process can be interpreted as a failure in implementing the principle of moral accountability.

Implications for the Development of Islamic Education Management. The entrepreneurship curriculum within Islamic Education institutions needs to move beyond teaching only basic Sharia principles or marketing aspects. There is an urgent need to place a clear focus on practical and integrated Digital Financial Management. This aligns with the importance of contributing to the development of Islamic Education Management, where education should produce graduates who not only uphold ethical values but also possess digital and financial competencies to lead and build adaptive organizations.

CONCLUSION

The final results of this study indicate that the transition of financial management in Makassar MSMEs from manual to digital occurs in three stages. The first stage is driven by market demands, the second stage is facilitated by the presence of e-wallets, but the process often halts at the cognitive institutionalization stage. The biggest obstacle is not the technology itself, but the low understanding of basic accounting which causes perceived complexity when using bookkeeping applications.

The main contribution of this research to the development of Islamic Education Management is the emphasis that entrepreneurship training needs to shift from a general motivational approach towards a case-study-based mentorship program that teaches basic accounting with the aid of digital tools, while highlighting the importance of the ethical values of accountability and transparency as prerequisites for business sustainability. This conclusion is aligned with the problem formulation and objectives of the research.

REFERENCE

- Dewi, R., & Permadi, A. (2024). Analisis Faktor Penghambat dan Pendorong Adopsi Teknologi Keuangan oleh UMKM di Indonesia: Pendekatan Kualitatif. *Jurnal Manajemen Bisnis*, 19(1), 45-62.
- Fink, A. (2019). *Conducting research literature reviews: From the internet to paper*. Sage publications.



- Hadi, M. (2023). Tantangan dan Strategi Literasi Keuangan Digital pada UMKM Kuliner di Kota Makassar. *Jurnal Ekonomi dan Bisnis Islam*, 15(2), 45-60.
- Miles, M. B., Huberman, A. M., & Saldana, J. (2020). *Qualitative data analysis: A methods sourcebook* (4th ed.). Sage publications.
- Nugroho, R., & Permana, D. (2024). *E-Wallet* sebagai Instrumen Pengendalian Internal Kas pada UMKM. *Jurnal Akuntansi Kontemporer*, 16(1), 12-25.
- Oktavia, S. (2024). Beban Kognitif dan Resistensi Adopsi Aplikasi Pembukuan Digital pada UMKM Ritel: Studi Kasus di Sulawesi. *Jurnal Akuntabilitas dan Bisnis*, 9(1), 22-38.
- Sanusi, I., Sholeh, M. I., & Samsudi, W. (2024). The Effect Of Using Robotics In Stem Learning On Student Learning Achievement At The Senior High School. *Educational Administration: Theory and Practice*, 30(4), 3257–3265.
- Sholeh, M. I. (2024). Optimizing The Use Of Learning Equipment To Improve Education At Man 2 Tulungagung. *Edusiana: Jurnal Manajemen Dan Pendidikan Islam*, 11(1), 1–21.
- Sholeh, M. I., Shobirin, M. S., & Rosikh, F. (2024). Implementation Of Kh Hasyim 'Asyari Educational Principles In Madrasah Reality. *Jurnal Pendidikan Islam*, 30(4).
- Supriatna, Y. (2023). Peran Pendampingan Intensif dalam Keberhasilan Implementasi Akuntansi Digital pada UMKM. *Jurnal Kewirausahaan dan Manajemen*, 12(3), 101-115.
- Wulandari, S. (2023). Faktor-faktor yang Mempengaruhi Adopsi Aplikasi Akuntansi Digital oleh Pelaku UMKM di Sulawesi Selatan. *Jurnal Riset Akuntansi*, 8(1), 78-90.