

## **Financial Literacy in Financial Management and FAS Implementation: AIS as Moderator**



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**ABSTRACT:** Micro, Small, and Medium Enterprises (MSMEs) are the drivers of a country's economic activities. However, socialization and training on understanding to be able to do good business management is still lacking. MSME actors often experience difficulties in developing their businesses because they do not have the ability to keep accounting records. Technological developments are increasingly rapid and sophisticated, forcing many businesses to adapt. Increasingly advanced technology is very beneficial for business people to be able to improve performance and get maximum profits. This research was conducted to find out how much influence financial literacy has on financial management and implementation of SAK in MSMEs in the City and Regency of Tegal. In addition, the SIA variable is used as a moderating variable to find out whether SIA can moderate the effect of financial literacy on financial management and implementation of SAK. This research has contributed to the local government regarding the quality and development of MSMEs. As a result of the study's findings, financial management and SAK implementation were both found to be impacted by financial literacy, SIA cannot moderate the relationship of financial literacy to financial management, and SIA cannot moderate the relationship of financial literacy to SAK implementation.

**KEYWORDS:** MSMEs, Literacy, Management, Financial Accounting System (FAS), Accounting Information System (AIS)

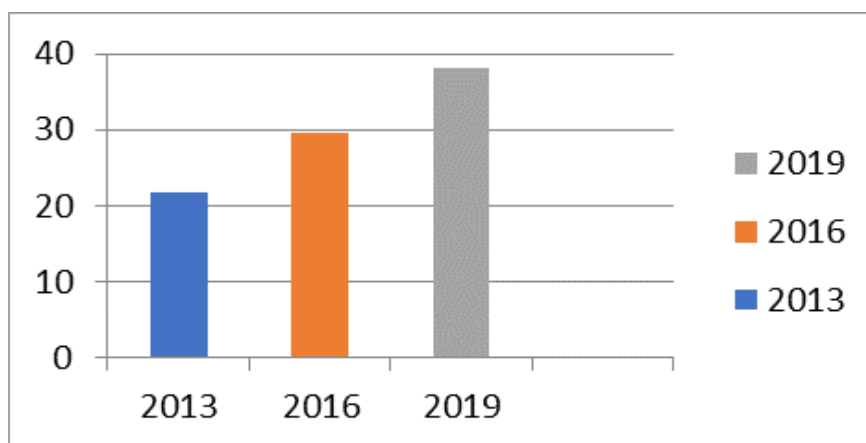
### **I. INTRODUCTION**

Micro, Small, and Medium Enterprises (MSMEs) are the drivers of a country's economic activities. However, socialization and training on understanding to be able to do good business management are still lacking. In addition, many MSMEs do not have good skills in business management, finance, sales, or the use of technology (Sawitri et al, 2022).

MSMEs actors often experience difficulties in developing their businesses because they cannot keep accounting records. Accounting records for businesses are very necessary for MSMEs when applying for capital assistance at banks. One of the obstacles that make it difficult for MSMEs actors to apply proper recording is their educational background. Limited knowledge makes MSMEs actors feel that registration is not so important (Mulyatic, 2021).

An understanding of financial literacy is needed by MSMEs actors. This is because, with a good understanding, the decisions made are by the conditions of the business being carried out. Good decisions will affect the existence of business continuity. At this time the understanding of financial literacy for MSMEs actors is still low so business financial management becomes less efficient. If the financial literacy of MSMEs actors is good, it will affect better financial management so that business becomes more effective and efficient. In addition, good financial management can produce financial reports that can be used as capital credit applications in banks. If business capital increases, the size of the business becomes larger so that it can generate greater profits (Wijaya & Herwiyanti, 2023).

Financial literacy according to the Otoritas Jasa Keuangan (OJK) is a belief, knowledge, and ability that can influence behavior or attitudes in improving financial decisions and management to make it more prosperous. A survey conducted by OJK in 2019 showed that there was an increase in public financial literacy in 2013 of 21.8%, up to 29.7% in 2016. In 2019 it increased by around 9% to 38.0% from 2016. This illustrates that public awareness of the importance of financial literacy has started to grow.



**Figure 1. Financial literacy survey**

Source: OJK, 2020

MSMEs play a significant part in promoting equity in the social and economic spheres. This is because MSMEs have locations in various places, unlike large companies whose majority are located in cities. MSMEs often experience difficulties in capital, even though this problem can be anticipated through the Kredit Usaha Rakyat (KUR) loan program, which is a program for borrowing capital funds from banks. However, to gain access to the capital loan, financial reports are required which are prepared by applicable standards. Most MSMEs actors do not carry out bookkeeping according to standards. This is because not all MSMEs actors have an educational background in accounting (Kodriyah et al, 2022).

Kredit Usaha Rakyat (KUR) is a program to increase access to finance for Micro, Small, and Medium Enterprises (MSMEs). The KUR program is channeled by providing access to capital through financial institutions. The KUR program is aimed at increasing capital for MSMEs players so that the businesses they run can be more advanced and developed. In addition, the KUR program is intended so that the development of the real sector can accelerate and MSMEs become more empowered (kur.ekon.go.id).

Accounting is crucial to the development of MSMEs. However, there are still few MSMEs understand what accounting is and how to make good financial reports. The development of an Accounting Information System (AIS) has had a major impact on MSMEs because by adopting AIS, MSMEs will have more value because they can provide accurate information regarding the conditions of the business that is being carried out. In addition, using AIS will improve effectiveness and cost efficiency in obtaining the information needed to make appropriate decisions (Faizal et al, 2021).

Technological developments are increasingly rapid and sophisticated, forcing many businesses to adapt. Increasingly advanced technology is very beneficial for business people to be able to improve performance and get maximum profits. In addition, the existence of technology can make it easier to create and process financial data. Information technology produces important data about the business and various strategies that can be taken so that the business can move forward. However, not all business owners want to use technology because of the high costs involved and the difficulty of implementing information technology in the businesses they run (Alfionita & Estiningrum, 2022).

The Accounting Information System (AIS) has a big impact on companies because it can help the process of recording transactions. In addition, the use of AIS also does not require a large amount of money and takes a long time. Some examples of software that can be used to assist companies in recording and processing transactions are Accurate and MYOB (Pakaya & Wuryandini, 2022).

The Accounting Information System (AIS) is crucial to the business. AIS is one of the impacts of technological developments that can overcome problems that occur in companies. Several things that can be assisted by AIS are data management, control, and data processing in order to use it as a foundation for making the appropriate judgments. AIS produces relevant information, is easy to understand, and does not require a long time to process data. Therefore, the use of AIS in MSMEs is highly recommended so that businesses can develop and be able to compete with other businesses (Listyani et al, 2019).

The application of accounting standards for MSMEs is still difficult due to limited human resources in managing MSMEs finances. Even though the reference guideline standards are widely available, MSMEs actors still tend to be reluctant to keep financial records by the standards. Bookkeeping is not only done by companies that have a large size, but medium and small-scale businesses should still keep records according to standards. As technology develops, the recording process can be computerized using certain software which makes accounting records easier (Saraswati et al, 2021).

The application of Financial Accounting Standards (FAS) to MSMEs is strongly influenced by the level of awareness among MSMEs actors about the importance of financial reports. In addition, the lack of socialization and training conducted for MSMEs

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actors also makes MSMEs actors reluctant to prepare financial reports. MSMEs actors think that making financial reports is difficult, Although MSMEs who simply provide balance sheets for their financial reports are given special consideration under FAS, profit and loss, and notes to financial statements. The type of cost basis used is historical cost and the depreciation method is carried out using the straight-line or declining balance method (Ayunin et al, 2021).

Making financial reports by the standards is important because with good records you can know the condition of the business. If the financial statements are good, additionally, it is evident that the company's cash flow is strong. Financial reports prepared according to standards can be used as material for making the right decisions. In addition, business development can be seen from one period to another (Musdalifah & Rachmawati, 2022).

Financial reports for MSMEs can be used as a tool to analyze business and deliver monetary data that can be used as a foundation for decision-making. There are still many MSMEs actors who do not make financial reports because they do not know how to make good and correct financial reports. Therefore, for MSMEs, financial report writing instruction is crucial. so that MSMEs actors know how to make financial reports and understand the various benefits of recording business financial reports. Many MSMEs actors think that making financial reports is difficult and requires a lot of money (Nasihin & Faddila, 2021).

MSMEs actors have several problems faced in running a business. The problem is the lack of capital and the lack of understanding of the preparation of financial statements. It is quite advantageous to prepare financial reports according to norms for MSMEs actors because they can be used to apply for capital loans in banks. In addition, the existence of financial reports can make it easier for MSMEs actors to find out business conditions, and the amount of profit earned in each period, and determine the required tax payment amount (Lesmana, 2021).

MSMEs in Tegal City have a low understanding of digital-based accounting records. This causes the need for a re-examination so that the implementation of economic digitalization that is being pursued by the Tegal City Government and the OJK can be achieved. As a result, MSMEs actors need to undergo socialization and training, so that the implementation of economic digitalization can be carried out properly. This socialization and training were carried out as a basis for consideration for the government in formulating further policies (Aryanto & Farida, 2022).

The people of Tegal City who tend to like the business world make Tegal City known as a city that has a high entrepreneurial spirit. This can be seen from the many businesses that are developing in the city of Tegal. Business people in Tegal City have succeeded in breaking into the world market so that it can be seen that the products produced are of high quality. Every year, Tegal City has seen an increase in the number of MSMEs. Research conducted by Hetika & Mahmudah (2017) states that MSMEs in Tegal City have limited knowledge of accounting and simple business financial records. MSMEs actors in Tegal City have not prepared financial reports by FAS due to a low understanding of these standards.

The significant development of MSMEs in Tegal City means that the region has great entrepreneurial potential. Lack of understanding of business strategy and standardized recording of financial reports is an obstacle for MSMEs actors to develop. Recording financial reports by the standards is considered as something difficult due to the lack of knowledge and technical skills. Recording financial reports according to standards can help MSMEs in applying for capital in banks so that businesses become bigger and can develop (Rahmadiane et al, 2022).

MSMEs in Tegal Regency have broad business opportunities in various economic sectors because of their strategic location. The development of large MSMEs has a big impact due to the fact that it might boost economic growth and decrease unemployment. Despite the large growth of MSMEs, MSMEs actors in Tegal Regency have problems expanding their business due to a lack of capital and limited marketing. One way that can be done is by implementing financial inclusion and providing an understanding of financial planning so that business goals can be achieved properly. A good understanding of financial literacy can help MSMEs players make the best decisions in the business they run (Fajri et al, 2021).

The purpose of this study was to determine the impact of financial management and FAS implementation on MSMEs in the City and Regency of Tegal. In addition, the AIS variable is used as a moderating variable to find out whether AIS can reduce how much financial management is impacted by financial literacy and implementation of FAS. This research has contributed to the local government regarding the quality and development of MSMEs. This study can be utilized by MSMEs as a reference and additional analysis so that the business they run is better. For academics, this study can be a further source of information for study of a similar nature.

## II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

### Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) was first put forward by Davis in 1989 which is a development research model from Theory of Reasoned Action (TRA) compiled by Ajzen and Fishbein in 1980. TAM can explain the behavior and perceptions of technology users in a particular use. the information technology. Davis (1989) explains that TAM has 5 variables namely:

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- (1) Perceived benefit, which is defined as the degree to which a person believes that using a specific technology system will enable him to accomplish his work more effectively.
- (2) Perceived convenience is defined as the level of a person's belief that using a certain technology will relieve him of the efforts he must make both in terms of time and effort.
- (3) Attitude of use defines positive or negative feelings or attitudes of a person when carrying out a behavior.
- (4) Behavioral interest is defined as a desire or interest from someone to perform a certain behavior.
- (5) The actual use of the system shows that someone has used a technology system.

### Micro small and Medium Enterprises

According to Government Regulation Number 7 of 2021 about MSMEs, the following describes the type of business:

- (1) According to this government regulation, micro enterprises are profitable companies owned by people or individual legal entities that fit the definition of a micro enterprise.
- (2) A small business is a productive economic enterprise that operates independently and is run by people or legal entities that are not subsidiaries or non-subsidiaries that are owned, controlled, or join, directly or indirectly, medium-sized or large-sized enterprises. They must also meet the mandatory criteria for small businesses as outlined in this government regulation.
- (3) Medium Enterprises are independent, productive economic businesses that are run by people or legal entities that are neither subsidiaries nor branches of larger corporations, nor are they affiliated in any way, directly or indirectly, with Small Businesses or Businesses that meet the requirements.

### Micro, Small, and Medium Entity Financial Accounting Standards

Ikatan Akuntan Indonesia (IAI) explains that Standar Akuntansi Keuangan (SAK) EMKM is a standalone financial accounting standard that can be used by entities that comply with the requirements for entities without significant public accountability set forth in SAK ETAP and characteristics in Law No. 20 of 2008 concerning Business Micro, Small and Medium Enterprises (MSMEs). One of the fundamental premises of SAK EMKM is the concept of a business entity, so in order to prepare financial reports using SAK EMKM, an entity must be able to distinguish between a business/entity and other businesses as well as between a business and other businesses.

EMKM SAK is a standard that is made simple when compared to other SAK since it governs general transactions carried out by EMKM and the measurement foundation is solely using historical costs so that EMKM simply reports its assets and liabilities at their acquisition cost. Even if an entity satisfies the requirements for utilizing SAK EMKM, it must still determine if the provisions of that SAK EMKM are suitable and satisfy its requirements for financial reporting. Therefore, entities must take into account the information demands of users of the entity's financial statements as well as the convenience given by SAK EMKM when determining the financial reporting framework to be used, whether it is based on SAK EMKM or another SAK. SAK EMKM will go into force on January 1st, 2018.

Based on the explanation above, the following hypothesis can be made:

- H1: Financial literacy affects financial management
- H2: Financial literacy affects FAS implementation
- H3: AIS moderates the effect of financial literacy on financial management
- H4: AIS moderates the effect of financial literacy on FAS implementation

## III. RESEARCH METHODS

This study is quantitative and uses original data. Distributing questionnaires to MSMEs players in the City and District of Tegal allowed for the collection of primary data. The questionnaire distributed was a statement of opinion with 5 choices of statements provided, namely, strongly agree, agree, disagree, disagree, and strongly disagree. The questionnaire assessment uses a Likert scale to facilitate data processing.

The goal of this study is all SMEs in the city and district of Tegal. This study obtained 46 research data which were then processed with Warp PLS version 7.0 software. Sampling was carried out by distributing questionnaires directly in the form of statement paper or via Google form. The item statement of each variable is 5 statements. Financial management, FAS implementation, and AIS were the variables employed in this study. AIS served as a moderator of the link between AIS and the dependent variables of financial management and FAS implementation.

## IV. RESULTS AND DISCUSSION

Considering how the data has been processed using Warp PLS, the following results are obtained:

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### A. Structural Test (Inner model)

The structural model test is used to find out how much the relationship between constructs or variables is. The path coefficient value can be used to determine the structural model test. The t-test value produced from the resampling method shows the magnitude of the significant value.

The inner model is used as a tool to predict whether Latent variables and directly measurable variables have a causal relationship (causality). The inner model reflects how much the causality relationship is in the latent variables that have been built. Several inner model tests can be carried out, namely R Square and Estimate for Path Coefficients. According to Chin (1998) the endogenous construct's R Square coefficient of determination has values of 0.67 (strong), 0.33 (moderate), and 0.19 (weak). Meanwhile, the Path Estimate The coefficient value is known as the coefficient. of the path of how big or how high the influence on latent constructs is.

The Goodness of Fit (GoF) value is used to measure performance validation from a combination of structural models and measurement models. The range of the GoF value is 0 to 1. The Gof value of 0.1 denotes a tiny Gof value, 0.25 a medium Gof value, and 0.36 a big Gof value.

**Table 1. Results of Fit and Quality Indices Models**

	Value	P value
Average path coefficient (APC)	0.417	< 0.01
Average R-squared (ARS)	0.648	< 0.01
Average adjusted R-squared (AARS)	0.635	< 0.01
Average block VIF (AVIF)	1.303	
Average full collinearity VIF (AFVIF)	4.148	
Tenenhaus GoF (GoF)	0.805	
Sympson's paradox ratio (SPR)	0.750	

**Source:** Processed data from WarpPLS

As can be seen from the model suitability test (Goodness of Fit), the APC, ARS, and AARS values which have a p-value <0.05. In Table 1 it can be seen that the APC, ARS, and AARS values of this study have a p-value <0.01. This means that the research model built is appropriate. APC has a value of 0.417 and ARS has a value of 0.648 and AARS has a value of 0.635 with a p-value of each measurement <0.01.

### B. Measurement Test (Outer Model)

The outer model test is a test used to determine the strength of the relationship between latent variables and indicators is. In the outer model analysis, using validity and reliability testing. The measurement of the outer model test in PLS consists of two types, namely the measurement of the reflective model and the measurement of the normative model. In reliability testers, Cronbach's Alpha values can be used as a basis for conclusions. Cronbach's Alpha value must be at least 0.7 ideally 0.8 or 0.9 (Ghozali, 2016).

**Table 2. Path coefficients results**

	Literacy	Management	FAS	AIS	AIS* Literacy
Financial Management	0.763				0.030
FAS implementation	0.846				- 0.028

**Source:** Processed data from WarpPLS

**Table 3. Results of P values**

	Literacy	Management	FAS	AIS	AIS* Literacy
Financial Management	< 0.001				0.409
FAS implementation	< 0.001				0.416

**Source:** Processed data from WarpPLS

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The importance of financial literacy in financial management has a path coefficient value of 0.763 and a p-value of 0.001, as shown in Tables 2 and 3. Therefore, it can be said that financial management is impacted by financial literacy. A p-value of 0.001 and a financial literacy implementation route coefficient value of 0.846. It can be said that financial literacy has an impact on how the FAS is implemented. The p-value of 0.409, where the value is  $> 0.05$ , indicates that AIS cannot mitigate the association between financial literacy and financial management. The p-value of 0.416 indicates that AIS is likewise unable to control the link between financial literacy and the adoption of FAS.

The model's ability to predict outcomes is indicated by the coefficient of determination ( $R^2$ ). The amount of variance that can be explained by all exogenous latent variables with arrows is indicated by this coefficient, which also depicts the cumulative effect of the exogenous latent factors on the endogenous latent variables. The value of  $R^2$  is the value of in-sample predictive power because it is a quadratic correlation between the predictive value of an endogenous latent variable and the actual value of the variable. According to Chin (1998) there are several criteria for  $R^2$ , namely if the value of  $R^2$  is 0.67 it means strong, In contrast to the weak value of 0.19, the value of 0.33 is moderate.

$Q^2$  is a measure of the out-of-sample predictive power or predictive relevance indicator. When the PLS path model shows predictive relevance, it can describe accurate predictions on the data used in model estimation. Models with predictive relevance must have a  $Q^2$  value that is greater than zero.

**Table 4. Results of Latent Variable Coefficients**

	Literacy	Management	FAS	AIS	AIS* Literacy
R-squared		0.581	0.715		
Adj. R-squared		0.566	0.704		
Composite reliable.	1.000	1.000	1.000	1.000	1.000
Cronbach's alpha	1.000	1.000	1.000	1.000	1.000
Avg. var. extract.	1.000	1.000	1.000	1.000	1.000
Full collin. VIF	6.489	3.599	3.168	5.387	2.094
Q-squared		0.602	0.693		

**Source:** Processed data from WarpPLS

Table 4 shows that financial management has an R-squared value of 0.581, or 58.1%, which indicates that financial literacy can account for 58.1% of financial management. The FAS variable's R-squared value is 0.715, or 71.5%, which indicates that 71.5% of the variance in financial literacy can account for the FAS variable.

The FAS variable's Q-squared value is 0.693, whereas the value for the financial management variable is 0.602. Since the Q-squared value is above zero, it can be deduced from these numbers that the model estimation results in this study are good. According to Table 4's composite reliability and Cronbach's alpha values, every variable has a value greater than 0.7. Therefore, it can be said that there is no collinearity in this study.

**Table 5. Combine loading factors**

	Literacy	Management	FAS	AIS	AIS* Literacy
X	(1.000)	0.000	0.000	0.000	0.000
Y1	0.000	(1.000)	0.000	0.000	0.000
Y2	0.000	0.000	(1.000)	0.000	0.000
Z	0.000	0.000	0.000	(1.000)	0.000
AIS*Literasi	0.000	0.000	0.000	0.000	(1.000)

**Source:** WarpPLS data processing results

In testing the outer model, there is a Loading Factor value which shows how much The construct and the indicators have a positive association. If the loading factor value is low, it indicates that the indicator is not by the measurement model. The expected factor loading value is  $> 0.7$ . In addition to the Loading Factor value, there is also a Cross Loading value. Cross Loading



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is another measure of discriminant validity where It is required that the projected Cross Loading value exceed the loading value of other constructs. In addition, there is also a Composite Reliability value which shows the internal consistency value. The expected Composite Reliability value is > 0.7 for each indicator in calculating the construct.

Table 5 shows that all of the variables utilized in this investigation had combined loading factors that are more than or equal to 0.07. We can infer that the measurement model served as the foundation for the research model. In this study, the Cross Loading value is more valuable than the loading values of the other constructs.

Hypothesis testing

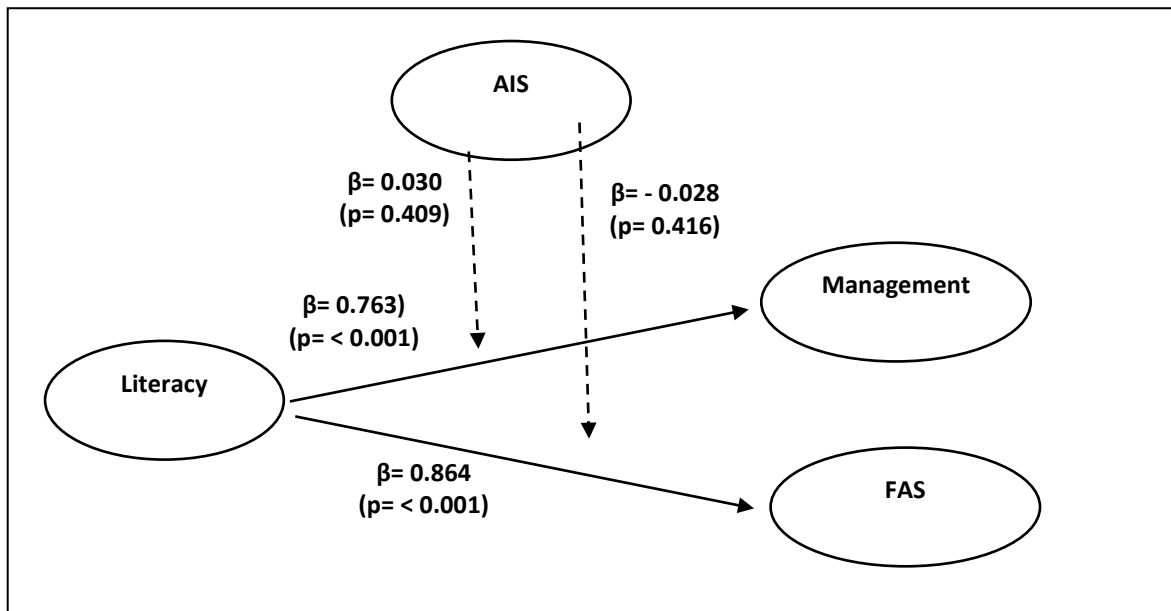


Figure 2. WarpPLS test results

Table 8. Hypothesis Testing Results

	Hypothesis	Result		
		Direction	Significance	Information
1.	Financial literacy affects financial management	(+)	effect	Hypothesis accepted
2.	Financial literacy affects the implementation of FAS	(+)	effect	Hypothesis accepted
3.	AIS moderates the effect of financial literacy on financial management	(+)	No effect	Hypothesis rejected
4.	AIS moderates the effect of financial literacy on the implementation of FAS	(-)	No effect	Hypothesis rejected

Source: Processed data, 2022

It is clear from the reasoning above that:

### 1. Financial literacy affects financial management

This research concludes that financial literacy influences financial management. The first hypothesis, that financial literacy affects financial management, is accepted since the beta value is 0.763 and the significance value is p 0.001. The direction of the relationship that occurs in financial management and financial literacy have a good association. If MSMEs have good literacy knowledge, financial management will also be good. This is because the understanding of MSMEs players regarding the importance of financial management is well understood due to their high level of literacy.

The results of this study are in line with research conducted by Rumbianingrum & Wijayaangka (2018), Pusporini (2020), and Wijaya & Herwiyanti (2023) which state that financial literacy influences financial management. Better financial management will result from MSMEs' actors having greater financial knowledge. This is due to the fact that MSMEs participants are aware of

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how crucial sound financial planning is for business planning. When business finances are good and business management is carried out properly, the business can develop more.

### 2. Financial literacy affects the implementation of FAS

This research concludes that financial literacy influences FAS implementation. The second hypothesis, that financial literacy influences FAS implementation, is accepted because the beta value is 0.864 and the significance value is  $p = 0.001$ . The direction of the relationship that occurs in the relationship of financial literacy in the implementation of FAS is positive. If MSMEs have an understanding of high financial literacy, the FAS implementation will also be better.

The greater the understanding of MSMEs actors about financial literacy, the higher the awareness of preparing financial reports. This happens because MSMEs actors who have implemented bookkeeping by FAS will have easy access to banking. One of the accesses that can be made to banking is lending capital credit to increase business capital so that the business can grow bigger. FAS implementation can also assist MSMEs actors in calculating the taxes that must be paid so that MSMEs actors can estimate the budget needed to pay these taxes.

### 3. AIS cannot moderate the relationship of financial literacy to financial management

According to the study's findings, AIS cannot act as a moderator in the association between financial management and financial literacy. The third hypothesis, according to which AIS moderates the effect of financial literacy on financial management, is rejected since the beta value is 0.030 and the significance value is  $p = 0.409$ .

Because there are so many different types of AIS that MSMEs actors can employ, AIS cannot control the relationship between financial literacy and financial management. This makes MSMEs players experience confusion because they have to understand every management application used. Although the financial management application is the same, with a different appearance between one financial management application and another it often makes MSMEs players feel difficult.

### 4. AIS cannot moderate the relationship between financial literacy and FAS implementation

According to the findings of this study, AIS cannot act as a moderator in the association between financial literacy and FAS adoption. The fourth hypothesis, which asserts that AIS moderates the effect of financial literacy on FAS implementation, is rejected since the beta value is 0.028 and the significance value is  $p = 0.416$ .

AIS cannot moderate the relationship of financial literacy to FAS implementation because even though AIS can facilitate FAS implementation, MSMEs actors do not understand the purpose of this implementation. Even though MSMEs actors have understood the procedures for good financial management through an understanding of financial literacy, the use of standards is still quite difficult for MSMEs actors. In fact, with the existence of this standard, the reports made will be appropriate and can also be used as one of the requirements in applying for capital loans in banks.

## V. CONCLUSION

Based on the discussion and explanation above, it can be seen that:

### 1. Financial literacy affects financial management

Increasing the understanding of financial literacy of MSMEs actors influences financial management because MSMEs actors already understand the importance of good business planning. Because financial management is good, business operational activities can run smoothly and the business can grow more.

### 2. Financial literacy affects the implementation of FAS

The understanding of MSMEs actors regarding financial literacy greatly influences how FAS implementation is carried out. For MSMEs actors who have understood financial reporting that is by financial standards, they will get convenience in accessing banking capital. The level of capital that MSMEs possess has a significant impact on the viability of the company.

### 3. AIS cannot moderate the relationship of financial literacy to financial management

MSMEs actors frequently struggle with the variety of applications that can be used by MSMEs actors to plan and manage business activities. MSMEs actors do not have to adjust if the use of the application is replaced or updated with another application. Even though the application is basically the same, the different appearance causes many MSMEs to experience difficulties adjusting.

### 4. AIS cannot moderate the relationship between financial literacy and FAS implementation

MSMEs actors, even though they understand the importance of good financial management through an understanding of financial literacy, still experience difficulties in implementing FAS. It turns out that the existence of an AIS cannot influence it because MSMEs actors still have very little regarding financial reporting standards. Recording business finances according to standards will be very helpful in obtaining additional capital. The banking sector always requires business financial reports that are by standards so that MSMEs can get credit capital assistance.



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### Suggestions and Limitations

Further research can re-examine the model used by increasing the number of MSMEs that are used as respondents. In addition, it can also change the MSMEs sector used in research so that research results are more concentrated. This research is limited to research respondents spread across the city and district of Tegal. This can result in different research results when compared to using respondents in other areas. Differences in geographical, social, and economic conditions can play a role in influencing the results of the research.

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