
Encouraging SMEs Towards Financial Literacy and Credit Facilities for a Sustainable Business

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Abstract. Community service activities carried out in Pakseballi Village, Klungkung Regency, Bali Province, were held with the aim of helping SMEs overcome obstacles, especially regarding financial literacy. This community service activity aims to increase the knowledge and insight of Pakseballi village residents regarding financial literacy, guide them in preparing good financial reports, and utilize banking credit facilities to create sustainable SMEs. The problem that occurs in Pakseballi Village is that many village residents who are involved in SMEs do not understand how to prepare good financial reports. They have also been unable to utilize credit facilities from banks wisely, as evidenced by the fact that there are still many bad loans or a lack of understanding about the mechanism for applying for bank credit. The first achievement of this activity was contributing in the form of knowledge transfer regarding financial literacy for Pakseballi village residents, especially SMEs. Second, provide clear and clear guidance on how to prepare simple financial reports for SMEs and apply for credit as capital to build and develop their businesses. Third, the practice of preparing SME financial reports succeeded in increasing the insight of the Pakseballi village SME actors, becoming more motivated by being directly involved in the practice of preparing financial reports.

Keywords: credit facilities; financial statements; financial literacy; SMEs.

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1. INTRODUCTION

Paksebali Village, located in Klungkung Regency, Bali Province, is a tourist village that has various home industry crafts (Pantiyasa, 2019). The large number of craftsmen in Paksebali has opened up entrepreneurial opportunities and these SMEs have great potential to grow and develop if they are managed well (Novitasari, 2022). The contribution of SMEs to the Bali regional economy is very high through their business activities (Wibawa & Yusnita, 2019). SMEs that operate in the field of Paksebali Village craft products, one of which is Tedung crafts. *Tedung* crafts are one of Bali's local cultural wisdoms that have been preserved among Balinese people to this day (Mahardika & Utama, 2020).

The crafting process of *tedung* uses several raw materials, especially cloth and wood. The fabric consists of velvet and several other types of fabric. The use of different kinds of fabric depends on the quality and selling price of the hood, market demand, and customer orders. Apart from cloth, there are also several types of wood used for the body of the *tedung*, such as *sandar* wood, durian wood, *jabon* wood, and camphor wood. Some ways to beautify *Tedung* products can be done by adding accessories such as screen-printed "prada" fabric, velvet with *mute* decorations, or colorful threads (Lestari et al., 2019).

The motifs on the *tedung* have philosophical values, such as *wayang* motifs, gold motifs, and other ornaments. The classic *tedung* motif which is usually used in religious ceremonies tends to be plain or simple, with a little carving on the edge of the *tedung* (Amrita & Handayani, 2021). The motifs on modern *tedung* are usually tailored to the buyer's orders. Modern motif *tedung* is generally used as decoration in restaurants or hotels (Kusumawijaya, 2017).

The problem that occurs in SMEs in Paksebali village is that there are still many village residents who are involved in SMEs who do not understand how to prepare good financial reports (Santiago & Estiningrum, 2021). They have also been unable to utilize credit facilities from banks wisely, as evidenced by the fact that there are still many bad loans or village residents' lack of understanding regarding the mechanism for applying for bank credit (Hazmi et al., 2024). To overcome this problem, the Faculty of Economics and Business at the Universitas Pendidikan Nasional held an outreach regarding the mechanism for applying for banking credit facilities as well as training and simulations on preparing financial reports for SMEs in Paksebali village. This community service activity aims to increase the knowledge and insight of Paksebali village residents regarding financial literacy, guide them to preparing good financial reports, and utilize banking credit facilities to create sustainable SMEs.

Community service is a routine activity carried out by the Student Association (HIMA) of the Accounting Study Program, Faculty of Economics and Business, Universitas Pendidikan Nasional. The main activities of Relaxation, Education and Action Volume 9 (Redaction#9) with the theme "Understanding Financial Literacy and Utilizing Banking Facilities to Improve the Community's Sustainable Economy" are community service with the agenda: first, socialization on how to prepare financial reports simple for SME players and applying for credit as capital to build and develop their business; and second, the practice of making financial reports which will be guided by all committees and lecturers.

The aim of holding this community service activity is to increase the knowledge of Paksebali village residents about financial literacy and encourage banking credit facilities to create sustainable SMEs (Yushita, 2017). The manifestation of coaching by the academic community of the Faculty of Economics and Business, Universitas Pendidikan Nasional is socialization in the form of a seminar at the village hall by presenting financial expert speakers and followed by a simulation in the form of the practice of preparing financial reports for the Paksebali village community, especially SMEs.

2. METHOD

The method used in implementing service to the Paksebali village community is socialization in the form of lectures and simulations or real-time practice (Wekke, 2022). Lecture method with presentation of material presented by selected speakers who have competence and high experience in their fields (Afandi, 2022). The work program has been prepared by a committee consisting of

the Universitas Pendidikan Nasional Accounting Study Program Student Association, namely carrying out social work by carrying out a sustainable concept entitled "Relaxation, Education and Action Volume 9 (Redaction#9)". The theme promoted in this social work activity is "Understanding Financial Literacy and Utilizing Banking Facilities to Improve the Community's Sustainable Economy".

This community service activity was held on March 16-17 2024, at the Puri Satria Kanginan Banjar Pesamuan Hall, Pakseballi Village, Dawan District, Klungkung Regency, Bali Province. The main agenda for Relaxation, Education and Action Volume 9 (Redaction#9) is: first, socialization on how to prepare simple financial reports for SMEs as well as the mechanism for applying for bank credit as capital to build and develop their businesses; and second, simulation or practice in preparing financial reports which will be guided by the entire organizing committee and lecturers. It is hoped that the results of this activity will increase the knowledge and financial management skills of SMEs in Pakseballi village.

3. RESULTS AND DISCUSSION

The HIMA of the Accounting Study Program, Faculty of Economics and Business, Universitas Pendidikan Nasional organizes social work by carrying out the concept of "Relaxation, Education and Action Volume 9 (Redaction#9)". The theme promoted in this social work activity is "Understanding Financial Literacy and Utilizing Banking Facilities to Improve the Community's Sustainable Economy". This social work was held on Saturday & Sunday, 16-17 March 2024 at the Balai Banjar Pesamuan Puri Satria Kanginan, Pakseballi Village, Dawan District, Klungkung Regency, Bali Province.

As a form of togetherness and contribution of the university academic community to the community, this service activity was attended by lecturers, students, and employees of the Universitas Pendidikan Nasional, Pakseballi Village Officials, and the community, namely Small Medium Enterprise (SME) actors in Pakseballi. The resource persons chosen to provide seminar material were employees of Bank Rakyat Indonesia (BRI) as well as lecturers in the Accounting Study Program, Faculty of Economics and Business, Universitas Pendidikan Nasional.

The activity began with the singing of the song Indonesia Raya by all participants, reading prayers by the committee, and a brief explanation of the series of service activities by the chairman of the committee. Next, time was given to the Head of Pakseballi village, the Dean of the Faculty of Economics and Business, Universitas Pendidikan Nasional (FEB Undiknas), and the Head of the Institute for Research and Community Service (LP2M) Universitas Pendidikan Nasional to give a few words of welcome. The sounding of the gong by the Pakseballi village head, the dean of FEB Undiknas, and the head of Institute for Research and Community Service (LP2M) marked the start of the seminar.

The event then continued with the delivery of material by the first resource person, namely an employee of Bank Rakyat Indonesia (BRI), which included financial literacy, banking credit facilities, government policy regarding People's Business Credit (KUR), provisions and mechanisms for KUR facilities (Prabowo et al., 2020). The presentation of material from the resource person was then followed by a dialogue session with the entire audience who attended this activity. Pakseballi village residents as well as SME actors were very enthusiastic in asking questions and sharing their previous experiences regarding borrowing credit from banks as business capital. After delivering the first material, BRI Bank immediately followed up with residents who were interested in applying for KUR to help with their business operations. The bank provides more detailed information to every resident of Pakseballi village regarding the requirements needed to apply for KUR and provides employee contact persons who will assist with the process.

The second presentation of the material was presented by a resource person from a lecturer in the Accounting study program, Faculty of Economics and Business, Universitas Pendidikan

Nasional. The material provided by the resource person includes accounting methods, financial reporting procedures, and managing business finances separated from personal financial assets (Marsono et al., 2023). After the resource person had finished delivering the material, it was continued with a dialogue and question and answer session with the seminar participants.

After the two resource persons explained the seminar material and a dialogue session with the village residents who were present had also been carried out, they continued with the practice of preparing financial reports. The practice of preparing financial reports was carried out in real-time with the involvement of Pakseballi village residents as SME actors, lecturers at the Faculty of Economics and Business, Universitas Pendidikan Nasional, and assisted by the HIMA committee. Pakseballi village residents as SME actors are very interactive in practice or simulations and try to directly record financial reports provided by resource persons and lecturers.

The entire series of activities held at Balai Banjar Pesamuan Puri Satria Kanginan, Pakseballi Village, Dawan District, Klungkung Regency, Bali Province have been completely documented from the start to the end of the activities which are presented in the following pictures.



Figure 1. The sounding of the gong by the village head, the Dean of the Faculty of Economics and Business, Universitas Pendidikan Nasional, and the Head of the Institute for Research and Community Service as a sign of the start of the Community Service activity "Redaction#9"



Figure 2. Presentation of the first material "Banking credit facilities for SMEs" by a resource person from Bank Rakyat Indonesia (BRI) Denpasar branch



Figure 3. Discussion session with Pakseballi village residents, and SME actors regarding the mechanism for applying for banking credit facilities



Figure 4. Presentation of the second material "Education on SME financial management" by resource persons from lecturers at the Universitas Pendidikan Nasional



Figure 5. Dialogue session with Pakseballi village residents who are SME actors regarding business financial management



Figure 6. Simulation of the practice of preparing financial reports for SME village residents by lecturers at the Faculty of Economics and Business, Universitas Pendidikan Nasional

The entire series of community service activities have been successfully carried out. It is hoped that through this activity, Paksewali village residents as SMEs will become wiser in using banking credit facilities and further improve their abilities in managing their business finances.

4. CONCLUSION

The conclusions produced based on the implementation of Relaxation, Education and Action Volume 9 (Redaksi #9) activities in Paksewali Village, Dawan District, Klungkung Regency, Bali Province, are first, providing a contribution in the form of knowledge sharing regarding financial literacy to village residents Paksewali, especially SME players. Second, provide clear and clear guidance on how to prepare simple financial reports for SME players and apply for credit as capital to build and develop a business. Third, the practice of making SME financial reports guided by all Undiknas committees and lecturers to make the Paksewali village community, especially SME actors, better understand the importance of recording every SME financial transaction.

Suggestions that can be given for Relaxation, Education, and Action Volume 9 (Redaksi #9) activities are as follows. First, inviting more Paksewali village residents who own SMEs to attend the event so that more village residents gain knowledge and information that is important for the sustainability of their business. Second, community service activities can then collaborate with other parties as resource persons, for example, successful and creative young entrepreneurs. The aim is to increase people's insight and mindset, especially SME players, in using various business strategies, including (Yam, 2020): integration strategies, diversification strategies, intensive strategies, and defensive strategies.

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