ANALYSIS OF FINANCIAL DIGITALIZATION ON THE EFFICIENCY OF SMALL AND MEDIUM ENTERPRISES (SMEs) PRODUCTIVITY

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Abstract: *The purpose of this study is to examine how financial digitization helps micro, small, and medium enterprises (MSMEs) in the digital economy era improve their productivity and efficiency. This study focuses on MSMEs in Makassar City. The research subjects are 10 MSME players who have used at least one form of digital financial application. A descriptive qualitative method was used, involving observation, documentation, and in-depth interviews with MSME operators from various industries. The results of the study indicate that the use of digital financial applications and the QRIS payment system has helped MSME operators record transactions more quickly, create more accurate financial reports, and facilitate data-driven decision-making processes. Thus, digitalization has a significant impact on improving the efficiency and productivity of small and medium-sized enterprises (SMEs) in Makassar City. Digital transformation, particularly in the form of utilizing digital financial technology, e-commerce platforms, and financial recording and online marketing applications, has helped daily operations, financial management, and market growth for local small and medium-sized enterprises (SMEs).*
***Keywords**: Financial Digitalization, Efficiency, Productivity, MSMEs*

Abstrak: Tujuan dari penelitian ini adalah untuk melihat bagaimana digitalisasi keuangan membantu usaha mikro, kecil, dan menengah (UMKM) di era ekonomi digital meningkatkan produktivitas dan efisiensi mereka. Penelitian ini berkonsentrasi pada UMKM di Kota Makassar Subjek penelitian adalah 10 pelaku UMKM yang telah menggunakan minimal satu bentuk aplikasi keuangan digital. Metode kualitatif deskriptif digunakan dengan melakukan observasi, dokumentasi, dan wawancara menyeluruh dengan pelaku UMKM dari berbagai industri. Hasil penelitian menunjukkan bahwa penggunaan aplikasi keuangan digital dan sistem pembayaran QRIS telah membantu pelaku UMKM mencatat transaksi dengan lebih cepat, membuat laporan keuangan lebih akurat, dan memudahkan proses pengambilan keputusan berbasis data. Sehingga digitalisasi memiliki dampak yang

signifikan terhadap peningkatan efisiensi dan produktivitas Pelaku usaha kecil dan menengah (UMKM) di Kota Makassar. Transformasi digital, terutama dalam bentuk pemanfaatan teknologi keuangan digital, platform e-commerce, serta aplikasi pencatatan keuangan dan pemasaran online, telah membantu operasional harian, manajemen keuangan, dan pertumbuhan pasar usaha kecil dan menengah (UMKM) lokal.
Kata Kunci: Digitalisasi Keuangan, Efesiensi, Produktivitas, UMKM

INTRODUCTION

Small, Medium Enterprises (SME's) play a crucial role in supporting the national economy, particularly in developing countries such as Indonesia. According to data from the Ministry of Cooperatives and SMEs (2024), SME's employ over 97% of the workforce and contribute approximately 60% to the national Gross Domestic Product (GDP). However, SME's face significant internal challenges, including operational inefficiencies and low productivity, which often hinder their sustainability and competitiveness. In this context, financial digitalization emerges as a potential solution to address issues that arise alongside the advancement of the digital economy. The rapid adoption of technology is a prominent trend across various sectors, including the financial sector, where innovations such as digital financial record-keeping applications, online payment systems, and electronic wallets (e-wallets) have been developed. These technological advancements substantially facilitate access to financial services. Financial digitalization offers SME's owner strategic opportunities to optimize financial management, expand market reach, and improve operational efficiency. Nevertheless, the adoption rate of digital financial technologies among SME's remains low despite the significant potential benefits.

Digitalization has fundamentally transformed accounting practices, significantly influencing management decision-making and accounting processes (Rahman Hakim et al., 2024; Wijaya & Nailufaroh, 2022; Nugroho, 2025). The integration of digital technologies enables accountants to support management in more strategic and creative ways, thereby enhancing competitiveness and generating added value for organizations. Furthermore, digitalization has reshaped the financial landscape and business transactions, with numerous digital tools, knowledge-based collaborative platforms, and advanced digital communication methods currently employed by accounting firms. However, this digital transformation necessitates improved competencies and resource capabilities (Anshari & Manjaleni, 2024). Organizational culture must be receptive to technological advancements to ensure the successful implementation of digital accounting (Anjarwati et al., 2023). The adoption of specialized software, online tools, cloud-based solutions, webinars, and digital data storage exemplifies new opportunities arising from this digitalization process (Dabbous et al., 2023). Prior research indicates that challenges remain in digitalizing accounting information systems, underscoring the need for continuous digital transformation as the accounting profession evolves in the digital era (Anshari & Manjaleni, 2024). Among Micro, Small, and Medium Enterprises (SMEs), managerial ability to utilize financial technology and low levels of digital literacy constitute major obstacles to effective digital adoption (Nasila et al., 2024).

Many businesses continue to rely on manual financial record-keeping and business management, which are prone to errors and inefficiencies. Additionally, some Small, Medium Enterprise (SME's)lack adequate access to technological infrastructure, particularly in rural or remote areas, impeding the digital transformation of the SME sector. Conversely, technological advancements present significant opportunities for SME transformation. Accounting software and other digital applications can assist businesses in automating financial reporting and accurately recording transactions. Moreover, digital payment systems enable SMEs to receive payments more quickly and efficiently, reducing their dependence on cash transactions, which carry higher risks. SMEs can also expand their customer reach beyond geographical limitations through e-commerce platforms. Digital technology can support SMEs in financial accounting and management (Anjarwati et al., 2023; Poddala, 2023). Through the integration of digital solutions in financial accounting and management, SMEs can process, report, submit, and analyze financial data more rapidly, effectively, and efficiently. Ultimately, this integration can enhance both their financial and non-financial performance (Anshari & Manjaleni, 2024). Therefore, to improve performance during the COVID-19 pandemic, SMEs are recommended to adopt digital technologies in their management and accounting practices (Anshari et al., 2024).

Digitalization holds significant potential to transform management accounting frameworks, encompassing impacts on organizational digital structures, associated business models, management accounting and control practices, as well as the role of supervisors (Napisah et al., 2024). Financial digitalization directly enhances the efficiency of business processes in Micro, Small, and Medium Enterprises (SMEs). By leveraging digital technologies, SMEs can allocate greater focus to productive activities such as product innovation and marketing strategies. Furthermore, digitalization facilitates improved access to financing options, including digitally-based government microcredit programs and fintech loans, which SMEs can utilize to support business expansion (Nwoke, 2024).

Programs such as digital literacy, subsidies for technology procurement, and the development of digital infrastructure in remote areas can accelerate the adoption of financial digitalization. The government plays a vital role in establishing a digital ecosystem that supports the transformation of Micro, Small, and Medium Enterprises (SMEs). Additionally, more comprehensive and sustainable solutions can be achieved through collaboration between the private sector and government. To support the digital transformation of SMEs in Indonesia, in-depth research is necessary to understand how financial digitalization influences SME efficiency and productivity. Such research is expected to provide clearer insights into the relationship between financial technology and business performance, as well as to aid in formulating effective strategies to promote technology adoption in the SME sector. Furthermore, further analysis of the fowner affecting adoption is required to ensure that resulting solutions are more relevant and positively impact overall SME performance. SMEs must adopt financial digitalization promptly to survive in the current era of global competition, as it is not merely a trend (Mendrofa et al., 2025). By leveraging financial technology, SMEs can enhance productivity and efficiency while delivering added value to customers. Therefore, to achieve sustainable digital transformation, it is essential to encourage cooperation among various stakeholders (Nwoke, 2024). SMEs have the opportunity to improve their competitiveness in increasingly competitive markets through financial digitalization; however, the success of this transformation heavily depends on the preparedness of business owner to adapt to technology and the support provided by the digital ecosystem. Hence, improving digital literacy, infrastructure, and supportive policies are critical steps to ensure that financial digitalization can generate optimal impacts for SMEs in the digital economy era (Lady Noor, 2025).

The adoption of digital technologies has significantly enhanced production capabilities among Micro, Small, and Medium Enterprises (SMEs). Business owner can identify customer consumption patterns, anticipate market trends, and develop data-driven business strategies utilizing data and analytics generated by digital applications, providing advantages unattainable through conventional methods. In other words, financial digitalization enables SMEs to be more adaptable to market dynamics. Despite increased digital literacy, a substantial proportion of small and medium enterprises in Makassar City have yet to fully implement digital financial systems, resulting in a disparity between SMEs that have "gone digital" and those that remain conventional. Common barriers include insufficient training, lack of funding for technological investment, and resistance to change. Therefore, interventions from multiple stakeholders—including government bodies, financial institutions, and technology providers—are essential to deliver support in the form of training, funding, and technological incentives. This study aims to assess the effectiveness of financial digitalization usage among SMEs in Makassar City and to evaluate the impact of financial digitalization on SME productivity, including sales growth, service improvement, and market expansion.

LITERATURE REVIEW

Digital Transformation Theory: Digital transformation necessitates a paradigm shift in organizational governance. The mere implementation of advanced technologies is insufficient; organizations must integrate digital approaches into their core strategies, human resources, and workplace culture. Westerman et al. (2014) emphasize that organizations successfully executing digital transformation possess a strong digital vision, courageous leadership committed to innovation, and governance structures that are adaptable to change. Furthermore, Hess et al. (2016) describe digital transformation as a multidimensional process that extends beyond technology to encompass updates in managerial structures, operational processes, and patterns of both internal and external interactions. Therefore, digital transformation should be understood not merely as a technical process but as a comprehensive change involving strategic and socio-organizational dimensions. In the context of public policy and educational institutions, digital transformation facilitates the creation of data-driven services, inclusive online learning, and transparency in decision-making. Nonetheless, Vial (2019) highlights that the success of such transformations heavily depends on organizational capabilities in managing change and associated risks, including cultural resistance, low digital literacy, and challenges related to interoperability system.

Financial Digitalisation: Financial digitalization refers to the process of utilizing digital technologies to manage financial activities, including record-keeping, reporting, transactions, and data-driven decision-making. According to Savić and Pavlović (2023), digitalization has enhanced accounting efficiency and accelerated decision-making processes. For Micro, Small, and Medium Enterprises (SMEs), financial digitalization encompasses the use of digital financial record-keeping applications, cashless payment systems such as e-wallets and QRIS, and integration with other digital financial platforms, including fintech services. The primary objective of financial digitalization is to facilitate easier financial management for individuals, businesses, and institutions, while promoting financial inclusion by providing access to formal financial services. Processes such as investment, lending, payment, and financial reporting can be conducted more rapidly, securely, and in an integrated manner through financial digitalization.

Financial digitalization refers to the process of transforming traditional financial activities, systems, and services into digital formats through the application of information and communication technologies. This process involves utilizing technology in the management of personal, business, and organizational finances, including transaction recording, payments, financing, and financial reporting. A primary objective of financial digitalization is to enhance transparency, efficiency, and financial inclusion for diverse societal groups and economic owner. Digital payment systems constitute a critical component of financial digitalization (Husna Afrizal & Megananda, 2025). The adoption of technologies such as QR codes, e-wallets, mobile banking, and online payment platforms has become integral to daily transactions. These systems facilitate customer payments, enable automatic transaction recording for businesses, and reduce reliance on cash. The increasing penetration of internet access and smartphone usage has driven the adoption of digital payment systems in Indonesia in recent years, as reported by Bank Indonesia. Moreover, financial digitalization extends to digital-based financing beyond payment systems. Fintech platforms—including crowdfunding, peer-to-peer lending, and online loan services—have provided individuals and businesses with access to credit previously difficult to obtain through conventional banking channels. These services offer innovative solutions to promote financial inclusion, particularly in underserved areas lacking access to traditional banking, by providing faster processes and more flexible requirements (Filippo Bontadini, 2024).

In the business context, financial digitalization significantly impacts operational efficiency (Husna Afrizal & Megananda, 2025). Business owner can generate financial reports, monitor cash flow, and manage inventory in real-time by utilizing financial record-keeping applications or accounting software. This capability facilitates faster, data-driven decision-making while minimizing the risk of manual errors. Furthermore, digitalization enables the integration of financial systems with other platforms, such as e-commerce and customer relationship management, thereby creating a more efficient business ecosystem (Mendrofa et al., 2025).

SME's Efficiency : Efficiency is defined as the ability to optimally manage resources to produce the greatest output with the least input (Candy & Kelvin, 2024). Examples of efficiency in Small, Medium Enterprises (SMEs) include the capability to automate financial reporting, reduce manual errors, and save time and costs in transaction recording. According to Nwoke (2024), digitalization in the financial sector is considered a crucial factor in achieving this efficiency. Given that most small businesses have limited resources, efficiency is essential for SMEs. Enhancing efficiency enables SMEs to increase productivity by minimizing waste, reducing operational costs, and improving overall output. Moreover, efficiency facilitates SMEs' adaptability to market changes and consumer demands, providing them with the capacity to compete with larger firms (Wang et al., 2022). The OECD report (2021) states that small and medium enterprises focusing on operational efficiency tend to be more resilient to economic shocks. High levels of efficiency also enhance competitiveness by enabling SMEs to offer more competitive pricing through cost containment and by improving profit margins. Ultimately, these profits can be reinvested to support business development. Data collected by the Indonesian Ministry of Cooperatives and SMEs indicates that effective SMEs have a 40% greater likelihood of improving their overall performance.

SME's Productivity: Productivity is defined as the ratio of output to input. With the same or fewer resources, productive Small, Medium Enterprise (SME's)are able to generate a greater volume of products or services. Financial digitalization enhances productivity by providing real-time data that assists businesses in designing strategic plans, conducting financial projections, and delivering faster and more accurate services (Dabbous et al., 2023). Key fowner influencing SME productivity include quality management, technology utilization, and human resource (HR) competencies. Effective management in resource areas such as finance, production, marketing, and distribution significantly impacts the sustainability and growth of SMEs. Concurrently, the adoption of technology improves operational efficiency, accelerates production processes, and facilitates market access. Moreover, human resource quality plays a crucial role in productivity enhancement; SME owner equipped with business management, marketing, and financial management knowledge and skills are better positioned to optimize their resources. Therefore, a strategic approach to increasing productivity involves providing continuous training and education for SME owner and their workforce.

The Relationship of Financial Digitalisation, Efficiency and Productivity: Financial digitalization refers to the utilization of digital technologies to manage financial components such as transaction recording, payments, reporting, and analysis. In the contemporary era dominated by computers and the internet, this transformation is critical for Micro, Small, and Medium Enterprises (SMEs) to remain competitive and achieve sustainable growth. A significant number of SMEs in Makassar have transitioned from manual bookkeeping to digital financial record-keeping applications. This shift facilitates more accurate and real-time tracking of income and expenditures. For instance, the adoption of digital cashier applications can expedite transaction processes, reduce customer queue times, and minimize errors commonly associated with manual record-keeping. Consequently, financial digitalization enhances the operational efficiency of SMEs.

The adoption of digital systems significantly reduces time and costs for Micro, Small, and Medium Enterprises (SMEs) by eliminating the need for manual financial reporting. This time savings allows SMEs to allocate more resources toward productive activities such as marketing and product development. Additionally, both business owners and customers benefit from streamlined payment processes through digital wallets and payment gateways like QRIS, GoPay, OVO, and DANA, which offer faster, more secure, and automatically recorded transactions (Bontadini, 2024). Cash management efficiency is also enhanced, as SME owners can easily monitor their cash flows on a daily, weekly, or monthly basis, enabling more timely and informed business decisions. Furthermore, financial digitalization increases transparency in financial management, which is critical when SMEs seek financing from financial institutions or investors, as digital financial reports serve as credible evidence of business viability (Napisah et al., 2024). Productivity in SMEs—defined as the ability to generate higher quantity and/or quality of outputs more efficiently in terms of time and cost—is significantly improved through digitalization. By managing finances more systematically and efficiently, SMEs can reallocate resources such as time, capital, and labor toward production processes and market development, thereby increasing production capacity and service quality. Data-driven decision-making is thus fundamentally supported by financial digitalization.

Micro, Small, and Medium Enterprises (SMEs) can strategically plan business growth, analyze sales trends, and identify the most profitable products by utilizing digitally recorded financial data (Husna Afrizal & Megananda, 2025). The ability of SMEs to access digital credit or technology-based financing demonstrates a significant correlation between financial digitalization and productivity. Many fintech platforms offer loans based on digital financial reports, facilitating easier capital acquisition for digitally-enabled SMEs (Poddala, 2023). This additional capital enables SMEs to increase production capacity, enhance distribution networks, or improve product quality through the acquisition of advanced equipment. Digitalization, productivity, and efficiency thus form a mutually reinforcing cycle. However, this relationship does not automatically occur; digital literacy plays a critical role in optimizing the benefits of financial digitalization. SMEs with limited technological understanding tend to underutilize or misapply digital tools, impeding potential gains (Poddala et al., 2024). Therefore, it is essential to recognize that financial digitalization enhances productivity and efficiency effectively only when supported by training and mentoring from government agencies, academic institutions, or SME support organizations. Empirical studies consistently indicate that financial digitalization improves the efficiency and productivity of SMEs. For instance, research by Nugroho (2025) found that the use of QRIS by SMEs accelerates transactions and provides more accurate financial data, which aids businesses in making informed decisions.

RESEARCH METHOD

The objective of this study is to gain a deeper understanding of how financial digitalization influences the productivity and efficiency of Micro, Small, and Medium Enterprises (SMEs) in Makassar City. This research employs a descriptive qualitative approach, focusing primarily on the meanings, perceptions, experiences, and dynamics encountered by SME owner when utilizing digital financial technologies. Data were collected through semi-structured interviews, direct observations, and documentation from SMEs serving as the study subjects. The study was conducted in Makassar City, targeting SME owner across various industries including culinary, services, fashion, handicrafts, and non-formal education. The research subjects comprised ten small and medium businesses that have implemented at least one type of digital financial application, such as BukuWarung, Dana, ShopeePay, and QRIS. Selection criteria for informants included active participation in SMEs, a minimum of two years of business operation, and residence in Makassar City.

Three primary data collection methods were employed in this study. First, in-depth interviews were conducted, wherein the researcher directly engaged with SME owner using semi-structured interview guides to explore their experiences in implementing financial digitalization. Second, participatory observation involved on-site visits to SME businesses to observe how digital transactions, record-keeping, and financial management were performed. Third, documentation was undertaken to gather evidence such as usage of digital applications, photographs of digital transactions, simple financial reports, and digitalization brochures.

For data analysis, the qualitative model developed by Miles and Huberman (1994) was utilized, encompassing three core stages. The initial stage involved data reduction, which consists of selecting, simplifying, and transforming raw data from observations and interviews into categorized summaries; for example, findings related to "time savings in record-keeping" or "increased production capacity" were identified. The second stage was data display, where the reduced data were presented in formats such as matrices, thematic tables, or narratives to enhance comprehension and facilitate analysis—for instance, comparative tables showing conditions before and after SMEs' adoption of digital applications. The final stage comprised drawing conclusions and verification, wherein the researcher identified patterns, relationships among categories, and interpretations regarding the linkage between financial digitalization and productivity and efficiency. These conclusions remained provisional and were corroborated through cross-validation with field data and additional informants.

RESULT AND DISCUSSION

Thematic analysis was employed to analyze the data, enabling the researcher to identify patterns, meanings, and relationships among themes emerging from interview transcripts. Additionally, source triangulation—comprising observations and interviews—as well as member checking with informants, enhanced data validity. Interview instruments included questions regarding the use of financial applications, perceived benefits, encountered obstacles, and perceptions of business productivity. Findings indicate that the majority of Micro, Small, and Medium Enterprises (SMEs) utilizing digital financial record-keeping applications maintain more organized daily transaction logs. Digital financial applications serve as primary tools for managing business owners' finances. A minority of SMEs not yet fully digital reported continued use of manual record-keeping but expressed intentions to adopt applications in the future. Most SME owner reported that digitalization facilitates sales reporting and profit-loss calculation. However, challenges remain, such as limited digital literacy and reliance on personal mobile devices (Rahman Hakim et al., 2024). The implementation of QRIS has accelerated transactions and reduced cash circulation, as reported by several business owner. The ability to monitor daily stock and cash flow data through digitalization also influences decisions related to raw material procurement. Younger entrepreneurs or those more accustomed to digital platforms exhibit higher levels of technology utilization.

No	SME	Efficiency	Productivity	Notes
1	Warung Roppang	High	Increasing	Real-time money management
2	D'Laundry Makassar	High	Increasing	Digital payment make it easier for customer transaction
3	Galeri Daun Hijau	High	Increasing	The domination of online selling
4	Toko Bolu Rampah	Medium-High	Increasing	Integration of stock and digital selling
5	Hijab An-Nisa	High	Significantly Increasing	Using weekly report
6	Bengkel Aziz Motor	Medium	Stable-Increasing	Digital notes easy to use but with limited infrastructure
7	Zogo Daya	Low-Medium	Stable	Digital Literacy is still limited
8	Kopi Teori	High	Increasing	Easy and Practice payment system
9	Grandezza	Medium-High	Increasing	Practical way to Paid and Order
10	Kaku Food	High	Increasing	Digital Administration are integrated

The table above indicates that the majority of Micro, Small, and Medium Enterprises (SMEs) report that digitalization facilitates and accelerates financial reporting, daily transaction recording, and cash flow management. SMEs such as Warung Roppang, D'Laundry Makassar, and Kaku Food have demonstrated increased productivity following the adoption of digital applications. This observation aligns with transaction cost economics theory, which posits that technology reduces transaction costs including record-keeping, information distribution, and financial oversight. For instance, Warung Roppang successfully decreased its daily recording time from one hour to merely ten to fifteen minutes. Similarly, Bolu Rampah not only implements digital record-keeping but has also integrated payment systems, thereby streamlining and expediting the customer experience. These findings corroborate prior research (Anjarwati et al., 2023a; Anshari & Manjaleni, 2024; Lady Noor, 2025; Napisah et al., 2024), which emphasizes that digital accounting systems substantially support business operations.

Field data analysis reveals that financial digitalization has a direct impact on the operational efficiency and productivity of Micro, Small, and Medium Enterprises (SMEs). Many business owner have increasingly engaged in online sales through platforms such as Shopee while utilizing financial applications. Time efficiency has improved as daily physical store operations are no longer obligatory. The use of ShopeePay and digital invoicing applications streamlines transactions, with all orders processed via WhatsApp and Instagram. Efficiency is further enhanced as customers can make payments remotely from their homes. Findings from the field indicate several key perceptions among SME owner:

"My sales are now predominantly online, and all transactions are recorded in the application." This statement illustrates a shift from traditional to digital sales channels. The integration of online transactions with financial recording applications signifies synchronization between sales processes and financial management, thereby enabling data accuracy and reporting efficiency.

"Digital payments increase customer convenience, and I feel more confident monitoring income." This reflects improvements in convenience and transparency during transactions. Digital payment systems not only facilitate processes but also enhance customer trust and internal cash flow control.

"Previously, I had to manually record every purchase, but now with just a click in the application, everything is neatly documented in reports." This quote represents the automation of financial record-keeping and a reduction in administrative workload. Utilizing applications creates consistent, valid documentation systems that are easily analyzable.

"Using barcodes and QR codes speeds up transactions, eliminating the need for cash handling or searching for change." This highlights the benefits of rapid identification technologies to accelerate transaction speed. The elimination of physical cash reduces error risks and improves service speed, which can directly enhance customer satisfaction.

"I have become more disciplined in managing finances as everything can be monitored daily, weekly, and even monthly automatically." This reflects a managerial behavioral transformation among SME owner. The use of digital monitoring systems facilitates budget control and data-driven decision-making.

Reductions in recording time, more automated reporting, and decreased calculation errors are all outcomes of increased efficiency. Employing digital application analytics features to strategize sales enhances company productivity. Market expansion is facilitated through digitalization via access to online platforms and digital payments. However, the degree of digital literacy among business owner and their mental readiness to adapt significantly influence these outcomes. SMEs are encouraged to adopt digital marketing strategies, especially as nearly all aspects of daily life are now digitized. The competitiveness of the middle class serves as a critical factor in increasing SME utilization of digital media (Rahman Hakim et al., 2024).

The utilization of e-commerce platforms, social media, and digital payment systems enables Micro, Small, and Medium Enterprises (SMEs) to expand their market size, enhance operational efficiency, and accelerate transaction processes (Mendrofa et al., 2025). Promotional strategies, defined as marketing activities aimed at communicating programs to current and prospective customers to strengthen company-customer relationships, are crucial as they assist customers in locating available products and facilitate the distribution of goods and services. Likewise, location strategy and infrastructure play significant roles by helping customers find product availability and ensuring the provision of comfortable and secure facilities. SMEs can widely market their products through digital marketing, which, due to its efficiency, allows time savings by enabling remote communication with customers. E-commerce platforms improve productivity, increase market access, and reduce transaction costs. Online websites and social media platforms can expand customer bases, enhance business accessibility, and foster collaborations with other companies. To mitigate risks associated with product marketing, strategic product development—including innovation, packaging, branding, labeling—and pricing strategies play integral roles, where the pricing structure reflects the company's operational decisions (Poddala, 2023).

SMEs frequently utilize digital media—such as Instagram, TikTok, and Facebook—as product catalog platforms, while WhatsApp Business serves as a communication tool. Furthermore, SMEs benefit competitively from the digital economy by increasing sales, marketing reach, and customer satisfaction. The positive and significant impact of the digital economy is especially pronounced in culinary SMEs, which increasingly adopt such technologies to enhance worker productivity. The digital economy facilitates the distribution, sale, and procurement of goods online, thereby boosting sales volume and market liquidity. The use of e-commerce platforms, social media marketing, and digital payment systems are critical components influencing culinary SMEs' efforts (Anjarwati et al., 2023). This study corroborates prior research (Anjarwati et al., 2023a; Anshari & Manjaleni, 2024; Filippo Bontadini, 2024; Mendrofa et al., 2025; Wang et al., 2022) demonstrating that financial digitalization significantly contributes to company performance through enhanced efficiency and productivity among SME owner.

CONSCLUSION

Financial digitalization enhances transaction efficiency through the use of digital cashier applications, financial record-keeping apps such as BukuWarung and Akuntansi UKM, as well as digital wallets. These technologies reduce time consumption, lower transaction costs, and diminish recording errors, thereby enabling faster and more accurate operations. Productivity improvements are further facilitated by digital marketing and e-commerce, with numerous Micro, Small, and Medium Enterprises (SMEs) in Makassar employing digital platforms such as marketplaces (Shopee, Tokopedia) and social media channels (Instagram, TikTok, WhatsApp Business) to broaden customer reach. This adoption has led to increased sales and market penetration. However, significant challenges persist, particularly for micro-scale SMEs, including limited digital literacy, inadequate internet infrastructure, and a workforce unfamiliar with technology, which collectively slow the pace of digitalization adoption.

This study has several limitations: first, the sample size consists of only ten SMEs, limiting the representativeness of the findings for all SMEs in Makassar City; second, the qualitative methodology precludes the collection of quantitative data necessary for numerically measuring efficiency or productivity levels; third, the data represent a cross-sectional snapshot, thereby lacking the capacity to capture the dynamic progression of SMEs' financial digitalization over the long term.

Small, Medium Enterprises (SME) owner must continuously learn and master digital financial technologies to remain competitive in the digital economy era. In addition to expanding access to digital infrastructure across Makassar City, government bodies and relevant institutions require ongoing training and mentoring programs. To produce more comprehensive findings that can inform policy formulation, future researchers are recommended to conduct further studies employing quantitative or mixed methods, involving larger sample sizes, and focusing on specific business sectors.

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