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## Accounting-based E-Marketplace for SMEs

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### Abstract

Batik SMEs who have successfully sold their products through e-marketplace are now entering a new stage. They need the management of financial data from sales to bankable accounting reports. All existing e-marketplaces in Indonesia are only providing visitor statistics and sales reports without providing any features for accounting reports. The problem is the ability of the SMEs to make financial statements only uses simple calculations based on income, expenses, and notes on debt and accounts receivable. This habit has been carried out for years, causing difficulties in obtaining the detailed financial information needed by financial institutions and for business development purposes. The integration of accounting software into e-marketplaces should be added to facilitate SMEs who lack the ability to make financial reports. This feature is expected to automate financial statements until the report can be approved by financial institutions. This paper reviews the availability and possibility of e-marketplace in Indonesia to provide embedded accounting features, open access to integration of accounting software from third parties, and propose suitable model for SMEs.

**Keywords:** accounting reports, bankable reports, e-marketplace features, financial statements, report automation



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## 1. Introduction

Internet users in Indonesia have increased in the last 10 years. Based on the Internet World Stats website (Miniwatts Marketing Group., 2017), in 2007 the number of internet users in Indonesia was only around 20 million, but in 2017 the number of internet users increased 660 percent to 132.7 million users. By the end of 2018, the number of internet users has even grown to 143 million users. Based on a survey conducted by APJII or the Indonesia Internet Service Provider Association in 2017 (APJII (Association Indonesia Internet Service Provider), 2017), internet users are dominated by millennials aged 19-34 years with 49.52 percent penetration. While internet penetration at the age of 35-54 years was 29.55 percent, ages 13-18 years was 16.68 percent, and age over 54 years was 4.24 percent. The increase in the number of internet users and the proportion size of young internet users has an impact on lifestyle changes in Indonesian society, especially in the purchase of goods.

The development of expressway infrastructure in Indonesia also has an impact on the economy of the local population, which initially relied on vehicles that crossed the old road. In the past, the local sellers relied on buyers from people who passed by and stopped by their city. At present, the new habits of people who use the freeway and do not pass through in their city make visitors who make purchases also experience a decline. Therefore, the addition of online sales channels that were previously done conventionally is an inevitable choice. The use of e-marketplaces is one of the easiest ways to join the world of online sales. The reasons are the seller does not need to pay an initial fee or any investment to have a store in the e-marketplace, various payment mechanisms are available, and delivery services connected to the tracking feature are integrated. Other benefits are discounted shipping costs for certain purchase values and discounted selling prices for credit card users who are available at any time to attract buyers but not be a burden on sellers.

Based on data from iPrice (iPrice, 2019), Tokopedia, Shopee, BukaLapak are the top three e-marketplace brands in Indonesia since last year. The three e-marketplaces help many sellers related to marketing and sales in the digital world. However, small and medium scale sellers still have the same problem as previous when they were still conducting conventional transactions, namely making financial reports that can be used for business and bankable development. The problem is caused by the inability of the SMEs in making of financial statements. They only use simple calculations based on income, expenses, and notes on debt and accounts receivable. They need the management of financial data from sales to bankable accounting reports. However, all existing e-marketplaces in Indonesia are only providing visitor statistics and sales reports without providing any features for accounting reports. The integration of accounting software into e-marketplaces should be added to facilitate SMEs who lack the ability to make financial reports. This feature is expected to automate financial statements until the report can be approved by financial institutions.



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## 2. Concepts Overview

According to Wang and Archer (2007), electronic marketplaces or e-marketplaces are places where buyers and sellers conduct transactions by electronic means. E-marketplaces can be defined as interactive business groups providing a market space where multiple merchants can engage in e-commerce and other e-business activities (Brunn, Jensen, Group, & Skovgaard, 2002). E-marketplace governance is determined by the e-marketplace owner, including features provided to support the sellers (Truong, Le, Senecal, & Rao, 2012).

Besides marketing and sales functions, e-marketplaces have functions similar to the Point of Sales (POS) software, which record sales activities. However, we can find a lot of additional software that can be added into POS software for accounting purposes. Sleekr Accounting could be added in the MOKA Point of Sales (MOKAPOS) software as an additional feature for accounting purposes (Sleekr, 2018). Accurate Accounting is also integrated in the MOKAPOS and RENE 2 Point of Sales (Accurate, 2017). Data generated from accounting software can be imported into the main accounting program to be further processed into a comprehensive accounting report. This concept can be adapted into the e-marketplace platform to facilitate accounting activities in sales transactions.

The integration of a cloud-based accounting in Point of Sales (POS) software can be applied to e-marketplaces platforms. All activities that have financial value are automatically journalized when the order transaction starts, accepts payment, until the transaction is successfully completed. The Application Program Interface (API) will bridging e-marketplaces to produce data, transfer data, and combine data into major accounting software. Bankable accounting reports can be easily generated by sellers through the data processing automation mechanism.

## 3. Conclusions

There are many cloud-based accounting systems which are possible to be integrated with e-marketplace platforms by providing an Application Program Interface (API). A similar situation can be seen in Point of Sales (POS) software which is also cloud based and makes simple sales records. Simple accounting reports can be generated from sales transactions in e-marketplaces and are possible to be imported into the main accounting application. Data transfer from e-marketplaces to cloud-based accounting systems is not done manually. It can be automated by both applications without any user intervention.

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