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Accounting Information Systems And Financial Inclusion On The Performance Of MSME'S Through The Quality Of Financial Statements On Small And Medium Enterprises

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Abstract

The purpose of this study was to determine and analyze the effect of accounting information systems and financial inclusion on performance through the quality of financial reports directly or indirectly. The approach used in this study is a causal approach. The population in this study were all MSME actors in the city of Medan. The sample in this study used the slovin formula as many as 95 MSME actors in the city of Medan. The data collection technique in this study used a questionnaire technique. The data analysis technique in this study uses a quantitative approach using statistical analysis by using the Auter Model Analysis test, Inner Model Analysis, and Hypothesis Testing. Data processing in this study using the PLS (Partial Least Square) software program. The results of this study prove that directly the accounting information system, financial inclusion and financial report quality have a significant effect on the performance of MSMEs, accounting information systems and financial inclusion have a significant effect on the quality of financial statements and indirectly the accounting information system and financial inclusion have a significant effect on the performance of MSMEs. through the quality of financial reports of small and medium-sized businesses in the city of Medan

Keywords: Accounting Information System, Financial Inclusion, Report Quality, MSME Performance

1. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are one of the drivers of a strong people's economy. Micro, Small and Medium Enterprises (MSMEs) have an important role in the economic and industrial growth of a country, a business entity, especially MSMEs, is required to make changes to increase its competitiveness, this is because many of the small and medium entrepreneurs depart from the family / home industry so that the management is not well managed. Medan is a city that is famous for its entrepreneurs, the average entrepreneur is engaged in a home scale (Hafsah & Hanum, 2021).

Micro, Small and Medium Enterprises (MSMEs) have an important role in the country's economy, especially in driving regional economic activity. The high influence of MSMEs for Indonesia is due to the continuous increase in business growth supported by large business potential. MSME performance is the ability of MSME managers to improve business performance over time. The higher the level of performance of a business, the longer its business survival. Performance can be measured by the growth of sales turnover, increased profits, and increased customers over time (Amri & Iramani, 2018).

The number of MSMEs operating in Medan city is more than ten thousand. The development of this number of businesses greatly affects the country's economy. MSMEs are one of the backbones of the national economy, contributing 67% of Gross Domestic Product (GDP). These MSMEs accommodate up to 97% of the total workforce currently spread across Indonesia. From these data, it can be said that MSMEs are an important driver in economic development. In terms of efforts to empower MSMEs, BPS informs that 99.99% of business units in Indonesia are classified as MSME groups (Amri & Iramani, 2018).

The development of the number of MSMEs in Medan city can be said to be very rapid, but currently MSMEs are still in the small business zone and it is fairly difficult to become a large business. In general, MSMEs often face conventional problems that are not resolved completely (closed loop problems), such as problems with human resource capacity, ownership, financing, marketing and various other problems related to business management, making it difficult for MSMEs to compete with large companies (Abror & Quartey, 2010).

MSMEs are creative industries that tend to have a short-term orientation in making business decisions. This can be seen from the absence of the concept of sustainable innovation and inconsistent core business activities. In the end, the long-term performance of MSMEs engaged in the creative industry tends to be stagnant and not well directed (Manurung & Barlian, 2012).

In order to improve the performance and sustainability of MSMEs for the long term, it is necessary to establish strategic efforts, such as: enriching the knowledge of MSME actors about financial management and accountability. This needs to be done so that MSMEs can account for their finances better and more regularly like large companies. So far, many MSME actors have paid little attention to managing their business finances by combining their personal and business money. This is one of the factors that hinder the development of MSMEs (Idawati & Pratama, 2020).

In addition, information technology itself is something that inevitably must be mastered by actors in MSMEs to face global competition. So the government hopes that with the use of information technology, there will be an increase in the performance of the MSMEs themselves. Company performance is a description of the condition of the company which is analyzed by financial analysis tools so that it can be seen whether the company's financial condition is good and bad which reflects work performance in a certain period. Performance measurement is the qualification and efficiency of a company or segment or effectiveness in business operations during the accounting period. Basically, an accounting information system can add value to MSMEs by, increasing the efficiency of MSMEs, improving the quality of MSMEs, providing timely and reliable information for decision making, can increase the competitive advantage of MSMEs and can improve communication (Prastika, 2020).

Accounting information has an important role in achieving business success, including for small businesses (Pinasti, 2007). Accounting information can be a reliable basis for decision making in the management of small and medium enterprises, including for pricing decisions, market development, including for investment decisions (Suhairi, et al., 2014).

Furthermore, financial inclusion is one of the hot topics to be discussed, especially in global development, broadly speaking, financial inclusion is considered as a policy tool that encourages growth and stability in reducing poverty. Meanwhile, the definition of financial inclusion according to the Word Bank and the European Commission is a form of extension activity with the aim of removing all barriers in the form of both prices and non-prices to community access in utilizing and using financial services (Soederberg, 2013).

Financial inclusion is one of the financial institutions that play an important role in the sustainability of MSMEs, but MSME access in Medan city to financial services can be said to be low because many MSMEs still do not understand how to use financial services either via the internet or directly. Then there are still many MSMEs that do not know the presence of formal and non-formal financial institutions, resulting in minimal use (Kosim et al., 2021).

The development of MSME performance is strongly influenced by the fields of marketing, finance and technology. The financial performance of a business can be seen from its financial statements. The financial statements of a company can show the true performance of a company if the financial statements are of high quality. The quality of a financial report if it has aspects of understandability, relevance, reliability, and comparability (IAI, 2017).

Financial reports are records of financial information in an accounting period that can be used to describe the performance of micro, small and medium enterprises (MSMEs). Financial management is an important aspect for business progress. Financial management can be done through accounting (Hanum, 2019). The quality of financial reports presented by MSMEs is still limited to revenue and expenditure information. According to the Ministry of Trade (2013), financing institutions also play a role in providing technical assistance in terms of financial management and it is common knowledge that MSMEs have weaknesses in financial management.

Accounting information systems are needed by business actors, where the business actors in question are Micro, Small and Medium E nterprises (MSMEs) in running their business so that they can always compete and develop. MSME actors need the competence of human resources who have knowledge of the work to be done, especially in presenting quality financial reports according to the Financial Accounting Standards for Micro, Small and Medium Entities (SAK-EMKM). This standard was prepared to meet the financial reporting needs of micro, small and medium entities, which took effect on January 1, 2018 so that MSMEs can present quality financial reports. Previous research explained that there was an influence between the competence of human resources (HR) on the quality of financial reports in the SKPD of Jember Regency (Humairoh, 2013).

In addition, many MSME actors have difficulty accessing financial institutions so that many MSME actors have difficulty obtaining funding. Where in obtaining funding, MSME actors rely more on financial institutions that are not registered with the financial services authority, with higher interest rates. Low MSME financing, high microcredit interest rates, asymmetric information, inadequate MSME management capabilities, bank monopoly in the micro sector, and limited financial service distribution channels. This is the reason for the urgency of implementing financial inclusion. Indonesia has several excellent programs to support this financial inclusion program, including the provision of People's Business Credit (KUR), TabunganKU Program, E-Money, Telkomsel Cash, “Ke Bank” Program, and improvement of microfinance services. This program was created, among others, to make it easier for people to access financial services programs. The Financial Services Authority (2016) explains that increasing financial literacy and inclusion is believed to develop Micro, Small and Medium Enterprises (MSMEs) because MSME players can better understand the basic concepts of financial products, do better financial planning and management, and protect them from fraud and unhealthy businesses in the financial market.

Many MSME players who run businesses do not manage finances properly, resulting in losses that often occur in their businesses. There are even those who experience changes in the type of business every year, this is because there are mistakes in running a business, more precisely in managing their business finances. MSME actors feel that their business is running normally without applying accounting principles properly, by having makeshift financial records and calculations or not having records in their business. They only make simple financial records in the form of income and expenses only from proof of sales and purchase transactions. Then there are also those who do not make financial records at all in every transaction in their sales.

Most of the MSME actors when the owner gets income from customers, it is immediately used to buy routine raw materials every month. There is no separation of personal money and money from the business. So that MSME actors do not clearly know the financial condition of their business. In addition, with a fairly extravagant lifestyle, they are unable to distinguish needs from wants. This is an obstacle for MSMEs in the Medan city area to develop their business (Putri, 2020).

2.RESEARCH METHODS

The research method used is quantitative which is associative in nature using primary data, namely interviews and secondary data. Research instruments are carried out by means of observation, interviews and documentation. The informants are determined and determined based on the number needed, but based on consideration of the function and role of information

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according to the focus of the research problem. So that the informants in the study consisted of 95 small and medium business people. While the data analysis technique used is SEM - PLS analysis.

3. RESULTS AND DISCUSSION

RESULTS

In this study, the authors processed questionnaire data in the form of data consisting of 8 statements for the accounting information system variable (X1), 6 statements for the financial inclusion variable (X2), 6 statements for the financial statement quality variable (Z) and 6 statements for the MSME performance variable (Y). The questionnaires distributed were given to 95 MSME actors in Medan city using a Likert scale in the form of a checklist table.

Outer Model Analysis

Convergent Validity

Reliability Item

Reliability items or what we usually call indicator validity. Testing the reliability of items (indicator validity) can be seen from the loading factor value (standardized loading). This factor loading value is the magnitude of the correlation between each indicator and its construct. The loading factor value above 0.7 can be said to be ideal, meaning that the indicator can be said to be valid as an indicator to measure the construct. However, the standardized loading factor value above 0.5 is acceptable. Meanwhile, the standardized loading factor value below 0.5 can be removed from the Chin (1998) model. The following is the item reliability value which can be seen in the standardized loading.

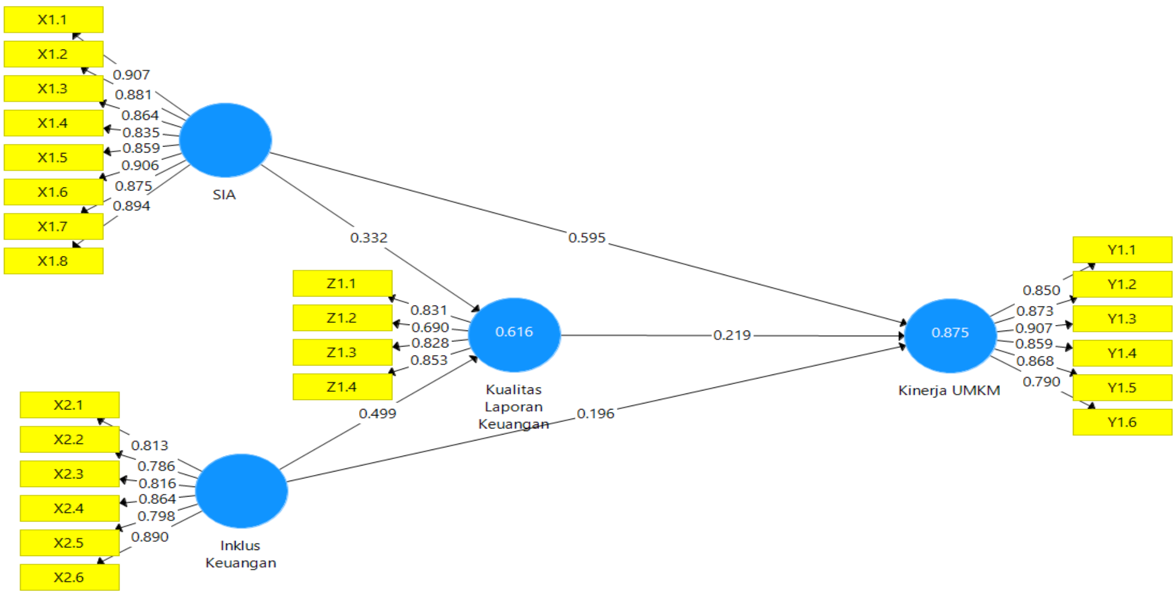

Figure 1. Standardized Loading Factor Inner and Outer Model

From the figure above, it can be seen that all loadings are worth more than 0.5 so there is no need to set aside. Thus, each indicator has been valid to explain each latent variable, namely accounting information systems, financial inclusion, MSME performance and MSME financial reports.

Composite Reliability

The statistics used in composite reliability or construct reliability are Cronbach's alpha and D.G rho (PCA). Cronbach's alpha measures the lower limit of a construct's reliability value while composite reliability measures the true value of a construct's reliability. The rule of thumb used for the composite reliability value is greater than 0.6 and the Cronbach's alpha value is greater than 0.6. With this measurement, if the value achieved is> 0.60, it can be said that the construct has high reliability.

Table 1 Composite Reliability Results

	Cronbach's Alpha
Financial Inclusion	0.908
MSME Performance	0.928
Financial Report Quality	0.816
AIS	0.957

Source: Data Processing Results 2022

Based on table 1 above, it shows that the composite reliability value for financial inclusion is 0.908; MSME performance is 0.928; financial statement quality is 0.816; accounting information system is 0.957. The four latents obtained a Cronbach's alpha value above 0.6 so that it can be said that all factors have good reliability or reliability as a measuring tool.

Average Variance Extracted (AVE) describes the amount of variance that can be explained by items compared to the variance caused by measurement error. The standard is that if the AVE value is above 0.5, it can be said that the construct has good convergent validity. This means that the latent variable can explain on average more than half the variance of its indicators.

Table 2 Average Variance Extracted (AVE) Results

	Average Variance Extracted (AVE)
Financial Inclusion	0.686
MSME Performance	0.738
Financial Report Quality	0.645
AIS	0.771

Source: Data Processing Results 2022

Discriminant Validity

Checking the discriminant validity of the reflective measurement model is assessed based on cross loading and comparing the AVE value with the square of the correlation between constructs. The cross loading measure is to compare the correlation of indicators with their constructs and constructs from other blocks. Good discriminant validity will be able to explain the indicator variable higher than explaining the variance of other construct indicators. The following is the discriminant validity value for each indicator.

Table 3 Discriminant Validity

	Financial Inclusion	MSME Performance	Financial Report Quality	AIS
X1.1	0.686	0.813	0.646	0.907
X1.2	0.706	0.794	0.610	0.881
X1.3	0.737	0.816	0.652	0.864
X1.4	0.684	0.751	0.572	0.835
X1.5	0.626	0.773	0.607	0.859
X1.6	0.697	0.813	0.668	0.906
X1.7	0.664	0.789	0.657	0.875
X1.8	0.671	0.806	0.638	0.894
X2.1	0.813	0.750	0.596	0.678
X2.2	0.786	0.781	0.581	0.746
X2.3	0.816	0.563	0.608	0.543
X2.4	0.864	0.610	0.648	0.595
X2.5	0.798	0.685	0.667	0.649
X2.6	0.890	0.685	0.657	0.637
Y1.1	0.645	0.850	0.690	0.745
Y1.2	0.731	0.873	0.710	0.812
Y1.3	0.805	0.907	0.721	0.803
Y1.4	0.713	0.859	0.736	0.755
Y1.5	0.663	0.868	0.659	0.809
Y1.6	0.689	0.790	0.579	0.739
Z1.1	0.681	0.690	0.831	0.621
Z1.2	0.397	0.499	0.690	0.501

Z1.3	0.574	0.626	0.828	0.583
Z1.4	0.726	0.714	0.853	0.600

Source: Data Processing Results 2022

Based on table 3 above, it shows that the discriminant validity value or loading factor for each variable has a higher correlation with its variable than with other variables. Likewise with the indicators of each variable. This shows that the placement of indicators on each variable is correct.

Inner Model Analysis

R-square is a measure of the proportion of variation in the influenced value (endogenous) that can be explained by the variables that influence it (exogenous) This is useful for predicting whether the model is good / bad. The r-square result for endogenous latent variables of 0.75 indicates that the model is substantial (good); 0.50 indicates that the model is moderate (medium) and 0.25 indicates that the model is weak (bad) (Juliandi, 2018). Based on data processing that has been carried out using the smartPLS 3.0 program, the R-Square value is obtained which can be seen in the following figures and tables:

Table 4 R2 Results

	R Square	Adjusted R Square
MSME Performance	0.875	0.871
Financial Report Quality	0.616	0.608

Source: Data Processing Results 2022

From the table above, it is known that the effect of X1, X2 and Z on Y with an r-square value of 0.875 indicates that the variation in the value of Y can be explained by the variation in the values of X1, X2 and Z by 87.5% or in other words that the model is substantial (good), and 12.5% is influenced by other variables. Furthermore, the effect of X1 and X2 on Y with an r-square value of 0.616 indicates that the variation in the value of Y can be explained by the variation in the values of X1 and X2 by 61.6% or in other words that the model is substantial (good), and 38.4% is influenced by other variables.

Hypothesis Testing

This test is to determine the path coefficient of the structural model. The goal is to test the significance of all relationships or hypothesis testing. Hypothesis testing in this study is divided into direct influence and indirect influence.

Path Coeffecient

Seeing the significance of the influence between constructs can be seen from the path coefficient. The sign in the path coefficient must be in accordance with the hypothesized theory, to assess the significance of the path coefficient can be seen from the t test (critical ratio) obtained from the bootstrapping process (resampling method). The following are the results of the t test on the innes and outer models. The t test conducted is the result of the t test from the bootsttrap calculation. The t test results in the figure above will then be compared with the t table value.

Table 5. Patch Coefficient Results

	Original Sample (O)	Standard Deviation (STDEV)	T Statistic (| O/STDEV |)	P Values
Financial Inclusion -> MSME Performance	0.196	0.075	2.621	**0.009**
Financial Inclusion -> Financial Statement Quality	0.499	0.157	3.179	**0.002**
Quality of Financial Statements -> MSME Performance	0.219	0.085	2.595	**0.010**
AIS -> MSME Performance	0.595	0.103	5.781	**0.000**
AIS -> Quality of Financial Statements	0.332	0.163	2.038	**0.042**

Source: Data Processing Results 2022

The test criteria is to reject Ho if t count > α = 0.05 or Pvalue < α = 5% or 0.05. From the table above, it can be seen that:

1) The t statistic value for accounting information systems on MSME performance is 5.781 and the Pvalue is 0.000. When compared with the value of α = 0.05, then 0.000 < α = 0.05 so Ho is rejected. Thus it can be concluded that there is a significant influence of information systems on the performance of MSMEs. The magnitude of the effect of understanding information systems on the performance of MSMEs is 0.595.
2) The t statistic value for accounting information systems on the quality of financial statements is 2.038 and the Pvalue is 0.042. When compared with the value of α = 0.05, then 0.042 < α = 0.05 so Ho is rejected. Thus it can be concluded that there is a significant influence of information systems on the quality of financial reports. The magnitude of the effect of understanding information systems on the quality of financial reports is 0.332.
3) The t statistic value for financial inclusion on MSME performance is 2.621 and the Pvalue is 0.009. When compared with the value of α = 0.05, then 0.009 < α = 0.05 so Ho is rejected. Thus it can be concluded that there is a significant effect of financial inclusion on the performance of MSMEs. The magnitude of the effect of understanding financial inclusion on MSME performance is 0.196.
4) The t statistic value for financial inclusion on the quality of financial statements is 3.179 and the Pvalue is 0.002. When compared with the value of α = 0.05, then 0.002 < α = 0.05 so Ho is rejected. Thus it can be concluded that there is a significant effect of financial inclusion on the quality of financial statements. The magnitude of the effect of understanding financial inclusion on the quality of financial statements is 0.499.
5) The t statistic value for the quality of financial statements on the performance of MSMEs is 2.595 and the Pvalue is 0.010. When compared with the value of α = 0.05, then 0.010 < α = 0.05 so Ho is rejected. Thus it can be concluded that there is a significant effect of the quality of financial statements on the performance of MSMEs. The magnitude of the effect of understanding the quality of financial statements on the performance of MSMEs is 0.219

Indirect Effect

Indirect effect analysis is useful for testing the hypothesis of the indirect effect of an influencing variable (exogenous) on the affected variable (endogenous) which is mediated by an intervening variable (mediator variable). The criteria:

1) If the P-Value <0.05, then it is significant. This means that the mediator variable mediates the effect of an exogenous variable on an endogenous variable. In other words, the effect is indirect.
2) If the P-Value> 0.05, then it is not significant. This means that the mediator variable does not mediate the effect of an exogenous variable on an endogenous variable. In other words, the effect is direct (Juliandi, 2018).

Table 6. Path Coefficient Results

	Original Sample (O)	Standard Deviation (STDEV)	T Statistic (|O/STDEV|)	P Values
Financial Inclusion -> Financial Statement Quality -> MSME Performance	0.109	0.054	2.015	**0.044**
AIS -> Financial Report Quality -> MSME Performance	0.073	0.052	2.405	**0.004**

Source: Data Processing Results 2022

The test criteria is to reject Ho if t count > α = 0.05 or Pvalue < α = 5% or 0.05. From the table above, it can be seen that:

1) The t statistic value for accounting information systems on MSME performance through the quality of financial reports is 2.405 and the Pvalue is 0.004. When compared with the value of α = 0.05, then 0.004 < α = 0.05 so that H0 is rejected. Thus it can be concluded that the accounting information system has a significant effect on the performance of MSMEs through the quality of financial reports.
2) The t statistic value for financial inclusion on MSME performance through the quality of financial statements is 2.015 and the Pvalue is 0.044. When compared with the value of α = 0.05, then 0.044 < α = 0.05 so that H0 is rejected. Thus it can be concluded that financial inclusion has a significant effect on the performance of MSMEs through the quality of financial statements.

DISCUSSION

The Effect of Accounting Information Systems on MSME Performance

From the results of the hypothesis testing analysis, the t statistic value for the accounting information system on MSME performance is 5.781 and the Pvalue is 0.000. When compared with the value of α = 0.05, 0.000 < α = 0.05 so Ho is rejected. Thus it can be concluded that there is a significant influence of information systems on the performance of MSMEs. The magnitude of the effect of understanding information systems on the performance of MSMEs is 0.595.

This shows that accounting information systems are able to improve the performance of Small and Medium Enterprises in Medan city, where the better MSME actors use AIS in preparing financial reports so that MSME actors are able to manage their finances properly, thus the businesses they run can run well, thus the performance of MSMEs will be better.

The main goal of a company is to maximize its profits, both large companies and MSMEs. To achieve this goal, companies must be responsive to environmental changes, especially with the information technology revolution. Today, information technology is a must in many companies. It is difficult to gain competitive advantage and survive without the adoption or implementation of information technology.i Studies have shown that the most widely used information systems are accounting information systems, especially in the aspect of financial reporting. The main advantage of optimal use of accounting information systems in MSMEs is better adaptation to environmental changes and increased competitiveness (Grande, Estébanez, & Colomina, in Wilya 2013).The function of the accounting information system itself is to collect, record, classify, and summarize information to help managers to plan, control, and evaluate (hall 2003). Accounting information systems produce information for each operation such as planning and control information and performance evaluation information. In addition, planning is used to control and coordinate in production activities (Wilya 2013).

The results of this study are in line with the results of previous research conducted by (Prastika, 2020) which concluded that the Accounting Information system has a positive effect on the performance of MSMEs So it can be seen how the role of accounting information systems for the development of MSMEs is very clear.

The Effect of Financial Inclusion on MSME Performance

From the results of the hypothesis testing analysis, the t statistic value for financial inclusion on MSME performance is 2.621 and the Pvalue is 0.009. When compared with the value of α = 0.05, then 0.009 < α = 0.05 so Ho is rejected. Thus it can be concluded that there is a significant effect of financial inclusion on the performance of MSMEs. The magnitude of the effect of understanding financial inclusion on MSME performance is 0.196.

This shows that financial inclusion is able to improve the performance of umkm in Medan city where with the availability of financial inclusion, MSME actors will make it easier in every business process where umkm actors will find it easier to obtain business capital to run their business, thus making it easier for umkm actors to develop their business so that umkm performance will increase.

According to (Istiyana, Hasiah, Irmawati, 2017) states that the problems often faced by MSME actors are related to capital and the marketing process. These problems can be overcome by facilitating access to financial services. Easy access to financial institution services will make it easier for the community and business people to obtain capital to carry out each business process (Alimi, 2018).

Financial inclusion is able to open opportunities for businesses that are useful for accessing the availability of financial services, welfare in the use of financial products and services that can ultimately be used and can also be utilized in the process of business activities in increasing sales growth, growth in profits, capital, and employment (Riwayati, 2017).

The results of this study are in line with the results of research conducted by (Yanti, 2019) showing that if financial inclusion is increased, then financial inclusion will be able to have a positive and significant effect on the financial performance of a business. In addition, (Sanistasya et al., 2019) also stated that financial inclusion has a positive and significant effect on small business performance.

The Effect of Financial Statement Quality on MSME Performance

From the results of the hypothesis testing analysis, the t statistic value for the quality of financial reports on the performance of MSMEs is 2.595 and the Pvalue is 0.010. When compared with the value of $\alpha = 0.05$, then $0.010 < \alpha = 0.05$ so that Ho is rejected. Thus it can be concluded that there is a significant effect of the quality of financial statements on the performance of MSMEs. The magnitude of the effect of understanding the quality of financial statements on the performance of MSMEs is 0.219.

This shows that the quality of financial reports is able to improve the performance of umkm in Medan city where MSME actors can compile their financial reports, MSME actors will better understand their business finances, thus making it easier for MSME actors to develop their businesses.

Financial reports are records of financial information in an accounting period that can be used to describe the performance of micro, small and medium enterprises (MSMEs). Financial management is one of the important aspects for business progress. Financial management can be done through accounting. The quality of financial reports presented by MSMEs is still limited to revenue and expenditure information (Hanum, 2019).

Quality financial reports will help MSME players to obtain capital loans from the banking sector through the People's Business Credit program. In addition, financial reports can also show whether a business is healthy or not. In other words, the financial report can show whether a business is healthy or not (Hanum, 2019).

Quality financial reports will help MSME players to obtain capital loans from the banking sector through the People's Business Credit program. In addition, financial reports can also show whether a business is healthy or not. In other words, financial reports and records can be one of the key benchmarks for business success. To see MSME performance information can be found in information regarding income and expenses during a reporting period, and is presented in the income statement (Indonesian Accounting Association, 2016)

The results of this study are in line with the results of previous research conducted by (Pakpahan, 2021) which concluded that the quality of financial statements has a significant effect on the performance of MSME businesses.

The Effect of Accounting Information Systems on the Quality of Financial Statements

From the results of the hypothesis testing analysis, the t statistic value for the accounting information system on the quality of financial statements is 2.038 and the Pvalue is 0.042. When compared with the value of $\alpha = 0.05$, then $0.042 < \alpha = 0.05$ so Ho is rejected. Thus it can be concluded that there is a significant influence of information systems on the quality of financial reports. The magnitude of the effect of understanding information systems on the quality of financial statements is 0.332.

This shows that the accounting information system is able to improve the quality of financial reports of Small and Medium Enterprises in Medan city, where the better the MSME actors use AIS in preparing financial reports so that the financial reports prepared will be better, and the financial reports prepared will be appropriate and timely.

Accounting information systems are needed by business actors, where the business actors in question are Micro, Small and Medium Enterprises (MSMEs) in running their business so that they can always compete and develop.

In its application, the accounting information system is created and directed to support the process of preparing financial reports in order to meet the information needs of interested parties as a basis for decision making. It can be concluded that the application of accounting information systems to support the presentation of financial reports in accordance with regulations (Prasisca, et al, 2012).

The results of this study are in line with the results of previous research conducted by (Chairina, 2019) (Silviana & Antoni, 2014), (Prasisca, et al, 2012) and (Juwita, 2013) the results showed that the application of accounting information systems affects the quality of financial statements.

The Effect of Financial Inclusion on the Quality of Financial Statements

From the results of the hypothesis testing analysis, the t statistic value for financial inclusion on the quality of financial statements is 3.179 and the Pvalue is 0.002. When compared with the value of $\alpha = 0.05$, then $0.002 < \alpha = 0.05$ so Ho is rejected. Thus it can be concluded that there is a significant effect of financial inclusion on the quality of financial statements. The magnitude of the effect of understanding financial inclusion on the quality of financial statements is 0.499.

This shows that financial inclusion is able to improve the quality of financial reports on MSME actors in Medan city, where with the availability of financial inclusion or funding, MSME actors will be motivated to compile their financial reports properly and in accordance with accounting standards.

Financial inclusion is a person's expertise in accessing and using financial products and services or financial institutions that are useful in meeting needs that are in accordance with one's needs, thereby improving the economy through equal access to financial products and services (Brief 2012).

Financial inclusion provides assistance to MSME actors in accessing existing banking services easily so that MSME actors not only know but can also use the products available in banking services, thus MSME actors will be more confident in using financial inclusion.

The effect of Accounting Information Systems on MSME Performance Through the Quality of Financial Statements

From the results of the hypothesis testing analysis, the t statistic value for the accounting information system on MSME performance through the quality of financial statements is 2.405 and the Pvalue is 0.004. When compared with the value of $\alpha = 0.05$, then $0.004 < \alpha = 0.05$ so that H0 is rejected. Thus it can be concluded that the accounting information system has a significant effect on the performance of MSMEs through the quality of financial statements.

This shows that accounting information systems are able to improve the performance of MSMEs through the quality of financial reports of Small and Medium Enterprises in Medan city, where the better MSME actors use AIS in preparing financial reports so that the financial reports prepared will be better, and the financial reports prepared will be appropriate and timely. Thus, MSME actors will be more aware of their business finances, thus making it easier for MSME actors to develop their businesses.

In its application, the accounting information system is created and directed to support the process of preparing financial reports in order to meet the information needs of interested parties as a basis for decision making. It can be concluded that the application of accounting information systems to support the presentation of financial reports in accordance with regulations (Prasisca, et al, 2012).

The function of the accounting information system itself is to collect, record, classify, and summarize information to help managers to make planning, control, and evaluation (Hall 2003). The accounting information system produces information for each operation such as planning and control information and performance evaluation information. In addition, planning is used to control and coordinate in production activities (Wilya 2013).

The Effect of Financial Inclusion on MSME Performance Through the Quality of Financial Statements

From the results of the hypothesis testing analysis, the t statistic value for financial inclusion on MSME performance through the quality of financial statements is 2.015 and the Pvalue is 0.044. When compared with the value of $\alpha = 0.05$, then $0.044 < \alpha = 0.05$ so that H0 is rejected. Thus it can be concluded that financial inclusion has a significant effect on the performance of MSMEs through the quality of financial statements.

This shows that financial inclusion is able to improve the quality of financial reports on MSME actors in Medan city, where with the availability of financial inclusion or funding, MSME actors will be motivated to compile their financial reports properly and in accordance with accounting standards. Thus, MSME actors will be more aware of their business finances, thus making it easier for MSME actors to develop their businesses.

Financial inclusion provides assistance to MSME actors in accessing existing banking services easily so that MSME actors not only know but can also use the products available in banking services, thus MSME actors will be more confident in using financial inclusion.

Financial inclusion is needed by MSME players to get convenience in every business process. One of the supporting factors for a business is capital. (Istiyana, Hasiah, Irmawati, 2017) stated that the problems often faced by MSME actors are related to capital and the marketing process. These problems can be overcome by facilitating access to financial services. Easy access to financial institution services will make it easier for the community and business people to obtain capital to carry out each business process (Alimi, 2018).

4. CONCLUSION

Based on the results of the research and discussion that has been described, it can be concluded that the results of this study prove that directly the accounting information system, financial inclusion and the quality of financial statements have a significant effect on the performance of MSMEs, the accounting information system and financial inclusion have a significant effect on the quality of financial statements and indirectly the accounting information system and financial inclusion have a significant effect on MSME performance through the quality of financial statements of small and medium enterprises in Medan.

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