

Digital Financial Inclusion Approaches for Micro and Small-Sized Enterprises Development in Indonesia and Malaysia

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Abstract

Sinpansa Modern Market is in Gedebage district, Bandung City. Sinpansa is a market that combines traditional markets with modern nuances, offering a concept of a healthy, clean, fresh, and comfortable market that is a society's choice at an affordable price. Has more than 117 tenants or merchants, consisting of micro and small enterprises. The purpose of building this modern market is to provide micro and small businesses with good facilities that are accessible to the community at affordable prices. So, it is expected that with these modern market facilities, small businesses can thrive well and contribute to the economy. As we know, micro, small, and medium-sized enterprises are the underpinnings of the economy in times of economic crisis, playing a significant role in supporting a country's economy. However, this potential will be worn out by a lack of access to financial services. This can cause obstacles to micro and small enterprises, especially in the financing sector, thus creating gaps in building the potential of micro enterprises. For that reason, this community services aim to provide education on how digital finance can close the gap, so that in the end it can help micro and small enterprises thrive. The pilot project dedicated to this Society focuses on the coffee entrepreneur. The reason for using this enterprise is that it will have an extensive sales network, which will significantly help develop micro and small enterprises on the Sinpansa Modern Market through the use of digital financial management.

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1. Introduction

Sinpansa Modern Market is located in the town of Bandung, precisely at the street Bulevar Teknopolis No.3, Cisaranten Kidul, Gedebage, Summarecon Bandung City, Bandung. Sinpansa Modern Market spans approximately 5,400 m². The Bandung Sinpasa Modern Market, managed by Summarecon Mall Bandung, accommodates 117 tenants. The market is designed to meet the daily needs of the township's residents and aims to encourage small businesses to acquire decent facilities, ultimately contributing to economic recovery and growth.

As we know, micro, small, and medium-sized enterprises play a crucial role in supporting the economy, particularly during economic crises. However, this potential is often wasted due to limited access to financial services [1–3]. For that reason, this community service aims to provide education on how digital finance can close the gap, so that in the end, it can help micro and small businesses thrive.

Concerning this, the steps in dedication to the Society on the Modern Market Cybersecurity are: (1) Identification of gaps in digital financial inclusion among micro and small enterprises in the modern market, (2) Identifying the characteristics of micro- and small entrepreneurs in modern markets, (3) Identify the types of micro and smaller enterprises on the modern Cyberspace market, (4) Formulating the problems of digital finance inclusion between micros and small in Sinpansa modern market, (5) Planning the strategies and gaps of financial management among micro enterprises and small undertakings in modern financial market, (6) Conducting communication with financial institutions that provide digital financial management, (7) Providing recommendations following the characteristic of the entrepreneur in the Modern market. The pilot project, dedicated to this community, is for the coffee entrepreneur. This enterprise is chosen because it has a vast sales network, making digital finance management particularly beneficial for developing micro and small enterprises in the Sinpansa Modern Market [4–6].

Fintech can help develop micro, small, and medium-sized enterprises and bridge the digital financial access gap for entrepreneurs [7–9]. However, the challenge faced by digital financial services in filling the financial access gaps among micro and small entrepreneurial operators is how to encourage enterprises to do business efficiently through digital finance inclusion. Furthermore, digital financial inclusion has been found to provide greater benefits for technology-innovative enterprises compared to their less adaptive counterparts [10–12]. So, it can be concluded that not only does it require digital financial availability, but entrepreneurs must also recognise that significant technological changes in recent years have forced all layers to innovate with the changing times continually. For this purpose, in the service of this Society, the application of digital finance and its challenges to the need for digital financial access, as well as understanding the readiness of entrepreneurs in accessing and using digital finance to fill the financial gap among micro enterprises, especially in the modern market, is Citizenship.

Bandung has a lot of coffee entrepreneurs in some parts, one of them on the modern Sinpansa market. Coffee entrepreneurs have a large market, provided they develop their business by opening sales access across Indonesia and other ASEAN countries [13–15]. However, the gaps in access to finance pose a significant barrier to micro and small enterprises, particularly in the coffee business, even though modern markets have adequate cybersecurity facilities [16–18]. To compete with other coffee entrepreneurs, these entrepreneurs can apply technological innovations, including digital financial access. In addition, the implementation of the ASEAN Summit Forum in 2023 stated that financial inclusion is the foundation for sustainable economic growth. ASEAN has more than 70 million micro, small, and medium-sized enterprises, but public awareness of using digital financial services indicates that 70% have not utilised these facilities (www.asean2023.id). Besides, as many as 70 million UMKM suffered from financing difficulties, which made it difficult for the entrepreneurs to grow. It is expected that by applying digital finance, the gap will be overcome.

To that end, through a commitment to the Society of International Cooperation between the Faculty of Economics and Business of Telkom University and the School of Business and Entrepreneurship of the University of Malaysia Kelantan. It is hoped that this will open new insights into how Malaysia can develop small micro-enterprises through the application of digital finance.

2. Methodology

The international cooperation between the Faculty of Economics and Business of Telkom University and the Faculty of Entrepreneurship and Business of the University of Malaysia Kelantan is as follows:

1. Identifying the gaps in digital financial inclusion among micro and small enterprises in the modern Cyprus market.
Identifying gaps in digital financial inclusion among small micro-enterprises in the modern Cypriot market. This process will record the difficulties entrepreneurs face in accessing related financing and their use of financial institutions for managing capital resources.

2. Identification of characteristics of micro and small enterprise operators in the Sinpansa modern market.
The next step is to identify the characteristics of micro-enterprise operators and smaller enterprises in Sinpansa's modern market. This will provide initial information, enabling the strategy to be tailored to the characteristics of the enterprise operator.
 3. Identify types of micro and small enterprises in the Sinpansa modern market.
In addition, it identifies the type of enterprise carried out among the entrepreneurs of the Sinpansa modern coffee market. It aims to group entrepreneurs by similar kinds of characteristics, facilitating the provision of strategies tailored to each type of enterprise.
 4. The formulation of the problem: Digital financial inclusion gaps among micro and small enterprises in the Sinpansa modern market.
After identifying the problem, the characteristics of the entrepreneur and the enterprise are examined. This leads to the formulation of further issues aimed at facilitating planning and start-up.
 5. Planning and Strategy of Financial Management Gaps among Micro and Small Enterprises in the Sinpansa Modern Market.
Following the formulation of the above issues, the next step involves planning and initiating solutions to the problems faced by micro and small enterprise operators in the Sinpansa modern market.
 6. Focus Discussion related to the application of digital finance to entrepreneurs in the State of Malaysia.
The results of the planning and strategy will be brought to the group discussion focus and compared with the implementation in the State of Malaysia. This proposal aims to address the issue of applying digital finance to the development of micro and small enterprises.
 7. Communicate with financial institutions that provide digital financial management.
After the results of the FGD, communication and discussion (FGD) with the financial services industry to provide input and development of digital finance applications for micro and small enterprises in the Sinpansa modern market.
 8. Provide recommendations tailored to the entrepreneur's characteristics within the Modern Citizenship Market.
In this final section, we will make recommendations for the application of digital finance for the development of micro and small enterprises in the Sinpansa Modern Market.
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3. Result & Discussion

The community service activities conducted at the SINPANS Modern Market were designed to foster inclusive collaboration between key stakeholders involved in the local entrepreneurial ecosystem. The primary participants were MSME traders specialising in coffee products operating within the modern market of SINPANS, particularly in the CWS Prefecture of Gedebage. These traders were the primary beneficiaries of the capacity-building initiatives aimed at enhancing their business sustainability and digital readiness. Complementing this, the Faculty of Entrepreneurship and Business from the University of Malaysia Kelantan (UMK) served as the academic partner, contributing expertise in entrepreneurship education, cross-border business development, and MSME empowerment. Additionally, the involvement of a digital finance institution played a crucial role in providing practical insights and training on financial technologies and digital inclusion. This tri-party collaboration created a synergistic platform for knowledge exchange, entrepreneurial skill enhancement, and digital financial literacy among small business actors in the local market setting. Participants in the activities of community services in Sinpansa modern market are as follows:

1. UMKM traders of coffee products in the modern market, Sinpansa (CWS Prefecture of Gedebage).
2. University Partner Collaboration is the Faculty of Entrepreneurs and Business of the University of Malaysia Kelantan.
3. Institution of Digital Finance.

The strategic involvement of various partners strongly supported the success of the community service activities at the SINPANS Modern Market, each playing a vital role in achieving the program's objectives. One of the key contributions was the identification of gaps in digital financial inclusion among micro and small enterprises (MSEs) operating in the SINPANS market, particularly coffee product traders in the CWS subdistrict of Gedebage. In addition, partners contributed to mapping the characteristics and types of MSE operators, which was crucial for tailoring training and intervention strategies. The collaboration with partner universities, especially the Faculty of Entrepreneurship and Business from the University of Malaysia Kelantan, provided substantial academic insight. These partners not only offered learning materials and frameworks but also facilitated focused group discussions (FGDs) that compared the Indonesian context with practices in Malaysia. This comparative approach was instrumental in formulating practical solutions to challenges faced by local entrepreneurs in adopting digital financial tools. Moreover, digital financial institutions played an active role by serving as funders and content contributors during the FGDs, focusing on how planning strategies could be effectively implemented for MSME coffee traders. This integrative partnership approach is expected to significantly contribute to advancing digital financial inclusion and the sustainable development of micro and small businesses in the region. Partner of activities of community services, has the following roles:

1. Source for identifying gaps in digital financial inclusion among micro and small enterprises in the Sinpansa modern market.
2. Source Identification Characteristics of Micro and Small Enterprises operators in the Sinpansa Modern market.
3. Source: Identify types of micro and smaller enterprises on the Sinpansa modern market.
4. Partner universities will provide materials and results of their planning and strategy, which will be the focus of group discussions for comparison with the application in the State of Malaysia. This proposal aims to address the issue of applying digital finance to the development of micro and small enterprises.
5. Digital financial institutions are becoming sources of FGD funds for implementing planning results and strategies related to UMKM coffee produced traders in the modern market (CWS Kecamatan Gedebage).

The implementation of this international community service program involves a total of six personnel, comprising lecturers and academic staff (TPA) from the Faculty of Economics and Business at Telkom University and the School of Business and Entrepreneurship at the University of Malaysia Kelantan (UMK). This collaboration aims to foster cross-border academic and entrepreneurial engagement through direct interaction with targeted community groups. The program's target participants include students from UMK's School of Business and Entrepreneurship, international-class students from Telkom University's School of Business, as well as micro, small, and medium-sized coffee entrepreneurs operating within the modern SINPANS Market. In addition to coffee-based MSMEs, other local traders from the SINPANS Modern Market also participated actively in the sessions. This inclusive approach not only facilitates real-world experiential learning for students but also strengthens the impact of academic contributions toward solving practical economic challenges faced by local entrepreneurs. The interaction among academic participants and community members enables the exchange of knowledge, comparative analysis of digital financial practices in Indonesia and Malaysia, and the co-creation of strategies for MSME development in digital ecosystems.

The total number of lecturers and TPA who will carry out this community service activity is six people from the Faculty of Economics and Business of Telecom University and the School of Business and Entrepreneurship of the University of Malaysia Kelantan. The target community for the implementation of International Cooperation between the Faculty of Economics and Business of Telecom University and the School of Business and Entrepreneurship of the University of Malaysia Kelantan consists of:

1. Students from the School of Business and Entrepreneurship of the University of Malaysia Kelantan

2. Students from the School of Business and Telkom University are from an international class.
3. MSME coffee entrepreneurs in the modern SINPANSA market.
4. Other traders from SINPANSA Modern Market who participated in this activity

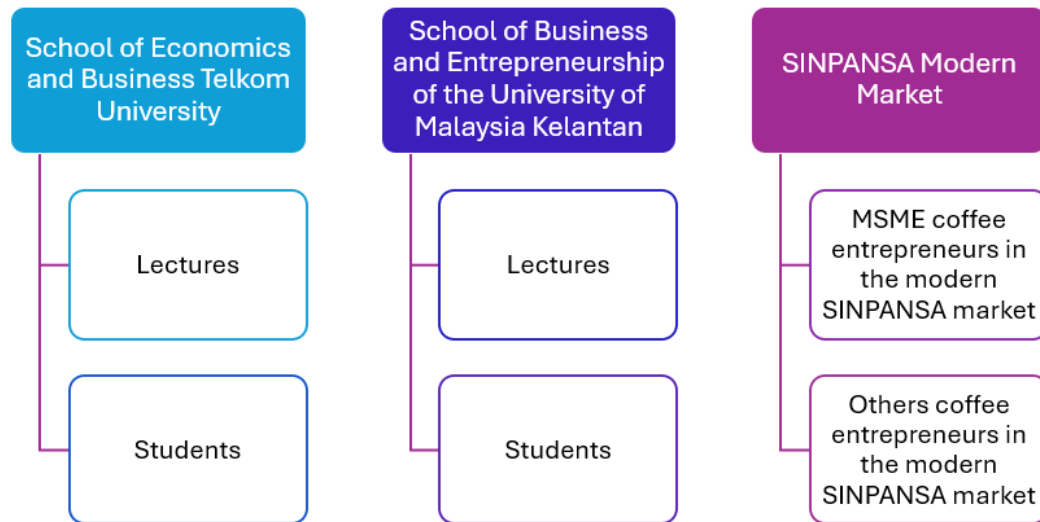


Figure 1: Stakeholder Mapping of the Collaborative Program between Telkom University, UMK, and SINPANSA Market

As illustrated in Figure 1, the number of target community participants involved in this program is 30 individuals, primarily drawn from the SINPANSA Modern Market. These participants consist of two main groups: first, MSME (Micro, Small, and Medium Enterprises) coffee entrepreneurs who operate actively within the modern SINPANSA market; and second, other coffee-related traders and entrepreneurs also based in the same market. These groups were selected due to their direct engagement with local coffee commerce and their potential to benefit from entrepreneurial capacity-building activities, market access facilitation, and business development support. Their involvement ensures the program's relevance and alignment with the local business ecosystem, while also creating opportunities for practical collaboration with academic institutions.

The community service activity conducted at the SINPANSA Modern Market in September focused particularly on participants from MSME coffee entrepreneurs and other local traders operating within the modern SINPANSA ecosystem. This initiative aimed to enhance their understanding and capabilities in financial technology and digital transformation. Specifically, the program delivered educational materials and hands-on training sessions on Digital Financial Inclusion Approaches for Micro and Small-Sized Enterprises Development in Indonesia and Malaysia. The training was designed and facilitated by a collaborative team comprising lecturers and students from the School of Economics and Business at Telkom University, Indonesia, and the School of Business and Entrepreneurship at the University of Malaysia Kelantan (UMK). These sessions were intended to build financial literacy, promote access to digital financial services, and support sustainable business practices among the targeted micro and small enterprises, thereby strengthening their competitiveness in the digital economy.

4. Conclusion

This community service aims to provide education on how digital finance can close the gap, so that in the end, it can help micro and small businesses thrive. The pilot project dedicated to this Society focuses on the coffee entrepreneur. The reason for using this enterprise is that it will have an extensive sales network, which will significantly help develop micro and small enterprises on the Sinpansa Modern Market through the use of digital financial management. It is expected that this education will provide entrepreneurs with positive insights, enabling them to apply these insights in their business world and further develop their existing business. It is expected that with this knowledge, funding to develop a

business can be significantly increased, enabling the company to grow even larger through digital finance.

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