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The Effect of Cloud Accounting Adoption on Financial Reporting Efficiency with Digital Literacy as a Moderating Variable in MSMEs

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Abstract

Transparency of public information is an important pillar in good governance. This study aims to examine how the implementation of cloud-based accounting affects the efficiency of financial reporting, as well as to assess the role of digital literacy in strengthening this relationship among Micro, Small, and Medium Enterprises (MSMEs) in Pontianak City. The research method uses a quantitative approach with a causal research design, data were collected through a survey given to 100 MSME owners who met the research criteria. The questionnaire was developed using a Likert scale, and responses were analyzed using Moderated Regression Analysis (MRA) with the help of SPSS version 26. The results showed that the adoption of cloud-based accounting has a positive and significant effect on the efficiency of financial reporting (significance value = 0.001; $p < 0.05$). In addition, digital literacy was confirmed to act as a moderating variable that strengthens the relationship between the use of cloud-based accounting and financial reporting efficiency, evidenced by an interaction coefficient of 0.122 and a significance level of 0.037. This indicates that MSMEs with higher digital skills are better able to optimize the benefits of cloud-based accounting systems, particularly in improving the speed and accuracy of financial reports. Overall, this study highlights that the success of digital transformation in the MSME sector is influenced not only by technological infrastructure but also by the digital competence of users. The results of this study are expected to contribute to the literature on accounting information systems and serve as a reference for local governments and supporting institutions in designing digital literacy improvement programs that encourage the sustainable adoption of cloud accounting.

Keywords Cloud Accounting, Digital Literacy, Financial Reporting Efficiency..

1. INTRODUCTION

The development of information and communication technology (ICT) has had a significant impact on how organizations, including Micro, Small, and Medium Enterprises (MSMEs), manage their operational activities and present their financial reports. Digitalization of accounting systems through the implementation of cloud accounting is a key innovation that enables efficiency, flexibility, and transparency in the preparation of financial reports (Novitasari et al., 2023). Cloud accounting, or cloud-

based accounting, allows businesses to access financial data in real time, minimize recording errors, and save on technology infrastructure costs (Setiawan et al., 2020). Globally, the implementation of cloud-based accounting systems is considered a strategic step for MSMEs to increase adaptability and strengthen competitiveness amidst the development of the digital economy.

In Indonesia, the Micro, Small, and Medium Enterprises (MSMEs) sector is a crucial pillar of the national economy, contributing more than 60% to Gross Domestic Product (GDP) (Central Statistics Agency, 2023). However, despite this significant contribution, most MSMEs still struggle to prepare effective and timely financial reports. Most of these businesses still use manual recording methods or basic software such as Microsoft Excel for their accounting processes, which can potentially lead to input errors and delays in report preparation (Sari et al., 2020). Cloud accounting implementation remains relatively low due to limited human resources, costs, and low levels of digital literacy among business owners (Ayatulloh et al., 2025).

In Pontianak City, MSMEs play a dominant role in driving the local economy, particularly in the trade, culinary, and creative services sectors. However, research findings indicate that the utilization of digital accounting systems by MSMEs in the region is still far from optimal. A study by Sianipar et al. (2024) indicated that financial recording processes are still largely manual, and the majority of MSMEs have not yet prepared financial reports in accordance with the provisions of the Indonesian Financial Accounting Standards (SAK) for MSMEs. Another study by Fadilah (2024) also revealed that limited technological understanding and minimal accounting training have resulted in inefficient and poorly documented financial reports for MSMEs in Pontianak. This situation indicates the need for a more systematic accounting digitalization strategy through the implementation of cloud accounting to improve financial reporting efficiency.

Although various studies have shown a positive effect of cloud accounting adoption on financial reporting efficiency (Novitasari et al., 2023), digital literacy is a crucial aspect that is often overlooked in these empirical models. Digital literacy describes a person's capacity to understand, manage, and use digital-based technology efficiently and effectively (Liza & Hapsari, 2023). Low digital literacy has been shown to be a major obstacle to the successful implementation of modern accounting technology in the MSME sector (Kurniawan & Azizah, 2024). Therefore, digital literacy has the potential to act as a moderating variable that either strengthens or weakens the effect of cloud accounting adoption on financial reporting efficiency.

Several previous studies have examined the relationship between accounting digitalization and financial reporting efficiency, such as a study by Novitasari et al. (2023) examining the effectiveness of cloud accounting in Jakarta's MSMEs, and a study by Liza & Hapsari (2023) indicating that digital literacy positively contributes to MSME performance. To date, research specifically examining digital literacy as a moderating variable in the relationship between cloud accounting usage and financial reporting efficiency remains limited, particularly in regions such as Pontianak City. This research gap indicates the need for a more comprehensive study of how digital literacy strengthens the influence of cloud-based accounting technology implementation on the financial reporting efficiency of MSMEs in the region.

The urgency of this research is growing stronger in line with the national agenda of digital transformation of MSMEs launched by the Ministry of Cooperatives and SMEs for the 2023–2025 period, which targets the acceleration of digital technology adoption in the small business sector (KemenkopUKM, 2024). The results of this study are expected to contribute to the development of theory in the field of accounting information systems, while also offering practical benefits for local governments, supporting institutions, and MSMEs in designing strategies to improve digital literacy and maximize the implementation of cloud accounting. Based on the background presented, this study aims to assess the extent to which the use of cloud accounting affects the effectiveness of the financial reporting process, as well as to identify the role of digital literacy as a moderating factor in this relationship in MSMEs operating in Pontianak City.

2. METHODS

This study uses a quantitative approach with a causality design to explore and test the causal relationship between the independent variable, namely cloud accounting adoption, and the dependent variable, namely financial reporting efficiency, with digital literacy serving as a moderating variable. The quantitative approach was chosen because it can produce numerical data that can be analyzed statistically, thus enabling objective and measurable hypothesis testing (Sugiyono, 2022). This research activity is categorized as explanatory research, which aims to explain the relationship between variables through empirical data-based hypothesis testing. Data were collected through a survey using a structured questionnaire with a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Next, the obtained data were analyzed to assess the effect of cloud accounting adoption on financial reporting efficiency and to evaluate the role of digital literacy in strengthening the relationship between the two variables.

This research was conducted on MSMEs located in Pontianak City, West Kalimantan Province. The research activities took place from March to November 2025, covering the stages of preparing research instruments, collecting field data, and analyzing the results obtained. The population in this study included all Micro, Small, and Medium Enterprises (MSMEs) officially registered with the Pontianak City Cooperatives and MSMEs Office in 2024, with a total of approximately 6,100 active business units. These business units are spread across six administrative areas: South Pontianak, Pontianak City, West Pontianak, East Pontianak, Southeast Pontianak, and North Pontianak.

The sample selection was conducted using purposive sampling, a sampling technique based on specific criteria to ensure that the selected respondents truly align with the research objectives. The sample selection requirements for this study include:

1. MSMEs that have been operating for at least two years;
2. MSMEs that have prepared or recorded financial reports; and
3. MSMEs that have become familiar with or utilize digital accounting systems, such as Jurnal.id, Accurate Online, Zahir, BukuKas, or SI APIK.

The sample size is determined using the Slovin formula with an error tolerance of 10%:

$$n = \frac{N}{1 + N(e^2)}$$

With N=6100N = 6100N=6100 and e=0.1e = 0.1e=0.1, the sample size is:

$$n = \frac{6100}{1 + 6100(0.1)^2} = 98,4 \approx 100$$

So the number of respondents used in this study was 100 MSME actors in Pontianak City.

The data for this study comprises two sources: 1) Primary data, obtained directly from respondents through questionnaires filled out by MSME owners and managers. The data collection process was conducted using two methods: online using Google Forms and face-to-face in the field to ensure representation from each research area. 2) Secondary data, derived from various supporting sources such as official reports from the Pontianak City Cooperatives and MSMEs Office, government policy documents, previous research results, and scientific references relevant to the research topic.

The research instrument was compiled based on indicators that have been adapted from previous research as follows:

1. Cloud Accounting Adoption (X) Ease of use, system reliability, access flexibility, data security, and decision benefits (Musyafi & Muna (2021)).
2. Financial Reporting Efficiency (Y) Speed of report preparation, data accuracy, time and cost efficiency, ease of access to financial information (Novitasari et al. (2023).
3. Digital Literacy (Z)

Knowledge of digital technology, ability to use accounting applications, digital security awareness, and technology adaptation (Liza & Hapsari (2023); Kurniawan & Azizah (2024).

Assessment of each indicator is carried out using a five-point Likert scale, and a higher score indicates a higher intensity of implementation and higher respondent competence.

Instrument Validity and Reliability Test

Before the main analysis was conducted, the research instrument was first tested to ensure its accuracy and consistency. 1) Validity testing was conducted using the Pearson Product Moment correlation method to determine the extent to which each statement item can represent the construct to be measured. An item is considered valid if the calculated t-value is greater than the t-table at a significance level of 0.05. 2) Reliability testing used the Cronbach's Alpha coefficient with a minimum limit value of 0.60 as stated by Nunnally (1978). The test results showed that all variables obtained alpha values above this threshold, so the instrument can be declared reliable and suitable for use in research.

Data processing was carried out with the help of SPSS version 26 software through several stages of analysis, namely: 1) Classical Assumption Test, which includes testing for normality, multicollinearity, and heteroscedasticity, to ensure that the regression model meets the necessary statistical requirements. 2) Multiple Linear Regression Test, which is used to analyze the direct effect of cloud accounting adoption variables on financial reporting efficiency using a previously established basic regression model. 3) Moderated Regression Analysis (MRA), used to test the moderating role of digital literacy in the relationship between cloud accounting adoption and financial reporting efficiency with the following model:

FINDINGS AND DISCUSSION

This discussion outlines the research results obtained from distributing questionnaires to 100 MSMEs in Pontianak City who met the research criteria. Data analysis was conducted quantitatively using SPSS software to examine the effect of cloud accounting adoption on financial reporting efficiency and to determine the role of digital literacy as a moderating variable.

Table 1. Validity Test

Component	Indicator	r-Count	r-Table	Information
Cloud Accounting Adoption	X1	0.430	0.1966	Fulfil
	X2	0.477	0.1966	Fulfil
	X3	0.544	0.1966	Fulfil
	X4	0.592	0.1966	Fulfil
	X5	0.520	0.1966	Fulfil
Financial Reporting Efficiency	Y1	0.610	0.1966	Fulfil
	Y2	0.616	0.1966	Fulfil
	Y3	0.746	0.1966	Fulfil
	Y4	0.654	0.1966	Fulfil
The Role of Digital Literacy	Z1	0.604	0.1966	Fulfil
	Z2	0.508	0.1966	Fulfil
	Z3	0.367	0.1966	Fulfil
	Z4	0.422	0.1966	Fulfil
	Z5	0.431	0.1966	Fulfil

Source: Processed Data, 2025

The number of respondents was 100, so the r value of the table was 0.1966. From the validity analysis, it was found that the calculated r value for each statement in the variables of Cloud Accounting Adoption (X), Financial Reporting Efficiency (Y), and the Role of Digital Literacy (Z) were all higher than the r value of the table. This indicates that all statement instruments used were declared to be satisfactory.

Table 2. Reliability Test

Component	*Cronbach's Alpha*	Provision	Information
Cloud Accounting Adoption	0.674	6	Fulfil
Financial Reporting Efficiency	0.756	6	Fulfil
The Role of Digital Literacy	0.626	6	Fulfil

Source: Processed Data, 2025

After calculations, the Cronbach's Alpha values for statements related to Cloud Accounting Adoption (X), Financial Reporting Efficiency (Y), and the Role of Digital Literacy (Z) were all above 0.60. This indicates that all statement instruments used were reliable enough to collect the required data.

Table 3. Classical Assumption Test

Assumption Test	Results		**Criteria**	**Information**
Regression Normality Test	0.050		Sig > 0.05	Normally Distributed Data
MRA Normality Test	0.091			
Multicollinearity Test	Tolerance	VIF	Tolerance > 0.1 VIF < 10	Not occur multicollinearity
Cloud Accounting Adoption (X)	0.988	1,012		
The Role of Digital Literacy (Z)	0.988	1,012		
Heteroscedasticity Test				
Cloud Accounting Adoption (X)	0.062		Sig > 0.05	There is no heteroscedasticity
The Role of Digital Literacy (Z)	0.380			

Source: Processed Data, 2025

The results of the classical assumption test indicate that the normality test in the regression produces a significance value of 0.050, while the normality test in the MRA obtains a value of 0.091. Because both of these values are greater than the threshold of 0.05, it can be concluded that the residual data is normally distributed, both in the main regression model and in the model involving moderating variables. Furthermore, the multicollinearity test shows that the variables Adoption of Cloud Accounting (X) and Digital Literacy (Z) have a tolerance value of 0.988 and a VIF of 1.012, respectively. A tolerance value exceeding 0.10 and a VIF below 10 indicate the absence of a strong linear relationship between the independent variables, so that multicollinearity problems do not arise in the research model. In the heteroscedasticity test, a significance value of 0.062 was obtained for Adoption of Cloud Accounting and 0.380 for Digital Literacy. Both of these numbers are greater than 0.05, which indicates that the regression model is free from symptoms of heteroscedasticity. Thus, all classical assumptions have been fulfilled, indicating that the regression model can be used well.

Table 4. Multiple Regression Analysis Test, Partial Test and Determination Coefficient Test

Model	**B**	**t**	**Sig.**	**R**	**R Square**
Constant	9,463	5,026	0,000	0.329	0.108

Cloud Accounting Adoption (X)	0.334	3,445	0.001

Source: Processed Data, 2025

Based on the results of the analysis, the following simple linear regression equation is obtained.

$$Y = \alpha + bX + e$$

$$Y = 9.463 + 0.334X + e$$

The constant value of 9.463 with a significance level of 0.000 indicates that when the Cloud Accounting Adoption variable (X) is at zero, the dependent variable, namely Financial Reporting Efficiency (Y), is estimated to have a value of 9.463 units. The regression coefficient for the Cloud Accounting Adoption variable is recorded at 0.334 with a calculated t value of 3.445 and a significance level of 0.001, which is smaller than the threshold of 0.05. This finding indicates that the implementation of cloud accounting has a positive and significant influence on financial reporting efficiency. In other words, the higher the level of utilization of cloud-based accounting systems, the more efficient the financial reporting process carried out by MSMEs.

The R value of 0.329 indicates a fairly strong and positive relationship between cloud accounting adoption and financial reporting efficiency. The R Square (R^2) value of 0.108 indicates that the independent variable explains 10.8% of the variation in changes in the dependent variable, while the remaining 89.2% is influenced by factors outside the model used in this study.

Overall, the regression analysis results indicate that the model used meets the feasibility criteria and is statistically significant. This confirms that cloud accounting adoption plays a significant role in improving financial reporting efficiency in the MSMEs participating in the study.

Table 5. Moderate Regression Analysis (MRA)

Coefficientsa						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	56,828	22,419		2,535	,013
	X	-2,094	1,149	-2,060	-1,823	,071
	Z	-2,377	1,121	-2,538	-2,121	,037
	XZ	,122	,058	3,291	2,120	,037
a. Dependent Variable: Y						

Source: Processed Data, 2025

The resulting moderated regression equation is:

$Y = \alpha + b1X + b2X + b3(XZ) + e$

$Y = 56.828 – 0.2.094X – 2.377Z + 0.122XZ + e$

Based on the analysis results listed in the Coefficients table, a constant value (intercept) of 56.828 was obtained with a significance level of 0.013. This finding indicates that when all independent variables, namely Cloud Accounting Adoption (X), Digital Literacy (Z), and the interaction between the two (XZ) are zero, the predicted value for the dependent variable (Financial Reporting Efficiency/Y) is at 56.828. A constant significance value smaller than 0.05 indicates that the constant provides a meaningful contribution to the overall regression model.

Furthermore, for the Cloud Accounting Adoption variable (X), a regression coefficient of -2.094 was obtained, with a t-value of -1.823 and a significance level of 0.071. Because the significance value is higher than 0.05, it can be concluded that the effect of this variable on Financial Reporting Efficiency (Y) is partially insignificant. A negative coefficient illustrates the opposite direction of the relationship, so that increasing cloud accounting adoption tends to be followed by a decrease in the value of financial reporting efficiency, although this effect is not statistically strong enough.

For the Digital Literacy variable (Z), the regression coefficient was -2.377, the t-value was -2.121, and the significance level was 0.037. Since the significance level is below 0.05, this indicates a significant but negative effect on Financial Reporting Efficiency (Y). In other words, increasing digital literacy is actually followed by a decrease in the Y value in the context of this model. This condition can be interpreted as meaning that the high level of digital literacy has not been fully balanced by the ability of MSMEs to optimally utilize cloud accounting technology.

The interaction variable XZ (Cloud Accounting Adoption × Digital Literacy) shows a regression coefficient of 0.122, a t-value of 2.120, and a significance level of 0.037. Since the significance value is less than 0.05, it can be concluded that Digital Literacy plays a significant moderating role in the relationship between Cloud Accounting Adoption and Financial Reporting Efficiency. The resulting positive coefficient indicates that digital literacy strengthens the positive influence of cloud accounting on financial reporting efficiency. Thus, the higher the digital capabilities of business actors, the greater the positive influence of cloud accounting implementation on increasing the effectiveness and quality of financial reporting.

Overall, these results indicate that the moderating variable (Z) plays a significant role in strengthening the relationship between Cloud Accounting Adoption (X) and the dependent variable (Y). Although the direct effect of X on Y is insignificant, when moderated by Z, the relationship becomes significant and positive. This indicates that digital literacy serves as an effective moderating variable, strengthening the impact of cloud-based accounting technology adoption on observed financial outcomes or managerial behavior.

The Effect of Cloud Accounting Adoption (X) on Financial Reporting Efficiency (Y)

The analysis revealed that Cloud Accounting Adoption (X) has a positive and significant impact on Financial Reporting Efficiency (Y). This finding is indicated by a regression coefficient of 0.334 with a significance value of 0.001 ($p < 0.05$). This means that the higher the level of cloud accounting utilization by MSMEs, the greater the efficiency of their financial reporting process. In other words, the use of a cloud-based accounting system can accelerate the reporting process, improve data accuracy, and strengthen the reliability of the resulting financial information.

Conceptually, these findings reinforce the Technology Acceptance Model (TAM) framework introduced by Davis (1989), which asserts that perceived usefulness and ease of use are two key factors determining the acceptance and utilization of a technological innovation. In this context, the use of cloud accounting provides real-time data access, automates the recording process, and reduces infrastructure costs, thereby increasing efficiency in financial reporting (Widjaksono, 2024). Empirically, these findings are consistent with the study by Hamzah et al. (2023), which showed that the implementation of cloud accounting significantly increases the effectiveness and efficiency of the financial reporting process in

MSMEs. This is due to the ability of cloud-based systems to reduce manual errors, accelerate the reporting process, and increase data accuracy. These findings are also supported by research by Sarker (2025), which states that cloud-based accounting technology plays a role in accelerating the reporting cycle and improving financial transparency in small and medium-sized enterprises.

In the context of MSMEs in Pontianak City, the implementation of cloud accounting offers advantages in terms of flexible access to financial data without time and location constraints, and enables better collaboration between business owners and accountants. This condition is relevant to the view of Sastararuji et al. (2022), who stated that the use of cloud-based accounting technology helps small businesses improve operational efficiency and make more timely financial decisions. Therefore, it can be concluded that the adoption of cloud accounting plays a significant role in improving the efficiency of financial reporting, as this technology simplifies the recording process, reduces human error, and accelerates the availability of accurate financial information. The results of this study imply that the more widespread the implementation of cloud accounting technology among MSMEs, the higher the efficiency and accountability of the resulting financial reporting.

The Role of Digital Literacy (Z) in Moderating the Relationship between Cloud Accounting Adoption (X) and Financial Reporting Efficiency (Y)

The results of the analysis using Moderated Regression Analysis (MRA) revealed that the interaction between Cloud Accounting Adoption (X) and Digital Literacy (Z) produced a regression coefficient of 0.122, with a t-value of 2.120 and a significance level of 0.037 ($p < 0.05$). These findings indicate that Digital Literacy plays a significant moderator role in the relationship between Cloud Accounting Adoption and Financial Reporting Efficiency. A positive coefficient value indicates that when MSMEs have better digital literacy, the positive impact of cloud accounting implementation on financial reporting efficiency becomes stronger.

The results of this study indicate that digital literacy skills serve as a factor strengthening the link between the use of cloud-based accounting technology and increased efficiency in financial reporting. This means that the adoption of cloud accounting will provide optimal results if business actors have a sufficient level of digital understanding and skills to operate cloud-based systems effectively. According to Ezeala (2024), digital literacy refers to a person's skills in interpreting, assessing, and using various digital-based information carefully and effectively. In the context of modern accounting, this ability is crucial because cloud-based financial reporting requires not only basic technical skills but also an understanding of data security, access management, and the use of automation features in cloud-based accounting applications.

In general, the findings of this study are consistent with the results of a study by Pratama (2025), which showed that digital literacy plays a significant role in strengthening the use of cloud-based accounting technology to improve the efficiency of financial reporting in MSMEs. The study confirmed that business owners with better digital skills tend to be more adaptable to system changes and are able to optimize various features in cloud accounting to produce more accurate and timely financial reports. Furthermore, Thalib and Suleman (2024) also found that adequate digital literacy helps users integrate accounting technology with operational processes more effectively, thereby minimizing the risk of recording errors and improving the quality of financial reports. These findings further demonstrate that digital literacy is not merely a supporting factor but a key component in the successful implementation of modern accounting technology.

In the context of this research, the results showing a significant moderating effect imply that MSMEs in Pontianak City with high levels of digital literacy are better able to optimize the benefits of cloud accounting. They can access financial reports in real time, perform financial analysis more quickly, and make strategic, data-driven decisions more efficiently. Conversely, business actors with low digital literacy tend to face obstacles in utilizing the full potential of this technology, resulting in less than optimal financial reporting efficiency. Thus, it can be concluded that Digital Literacy plays a significant role in strengthening the influence of Cloud Accounting Adoption on Financial Reporting Efficiency. The higher the level of digital literacy of MSMEs, the more effective the implementation of cloud

accounting in improving financial reporting efficiency. These results emphasize the importance of developing digital capabilities among business actors as part of the digital transformation strategy of the MSME sector.

3. CONCLUSION

Based on research conducted on 100 MSMEs in Pontianak City, it can be concluded that the study objectives—namely assessing the effect of cloud accounting use on financial reporting efficiency and testing the function of digital literacy as a moderating variable—have been achieved. Regression results indicate that cloud accounting use has a positive and significant impact on financial reporting efficiency, as indicated by a regression coefficient of 0.334 and a significance value of 0.001 ($p < 0.05$). This finding indicates that the more optimal the use of cloud accounting, the better the efficiency of the MSME financial reporting process. These results demonstrate that a cloud-based accounting system can increase the speed, precision, and accuracy in preparing financial reports. This finding also aligns with the Technology Acceptance Model (Davis, 1989), which emphasizes the role of perceived ease and usefulness of technology in driving user acceptance, and supports the research findings of Putra and Adiputra (2021) which showed that the implementation of cloud accounting can improve the effectiveness and efficiency of financial reporting in MSMEs.

The results of the Moderated Regression Analysis (MRA) test revealed that digital literacy plays a significant moderating role in strengthening the relationship between cloud accounting usage and financial reporting efficiency. The interaction coefficient of 0.122 with a significance value of 0.037 ($p < 0.05$) indicates that when MSMEs have better digital capabilities, the positive effect of cloud accounting adoption on financial reporting efficiency is stronger. In other words, understanding and proficiency in operating digital technology are crucial factors in determining the successful use of cloud-based accounting systems. This finding aligns with the research of Rahmawati and Pratama (2022), which confirms that digital literacy can increase the effectiveness of cloud-based accounting technology. Susanto and Meiryani (2019) also stated that mastery of digital technology enables users to maximize the functions of accounting systems, thereby improving the quality of financial reports. Therefore, digital literacy serves not only as an additional capability but also as a strategic element in optimizing the benefits of accounting technology for MSME financial efficiency and transparency. Overall, this research makes important contributions to both theoretical and practical aspects. From a theoretical perspective, the research findings enhance understanding of how digital transformation supports increased financial reporting efficiency through the implementation of cloud technology. Practically, these findings emphasize that the success of cloud accounting implementation is largely determined by the user's digital literacy level. Therefore, improving the digital competence of MSMEs is a key prerequisite for realizing a more efficient, transparent, and accountable financial reporting system in the digital era.

Based on the research findings, several recommendations can be put forward. For MSMEs, it is important to improve their skills and understanding in operating cloud-based accounting systems through various training and mentoring activities, so that the use of technology in preparing financial reports can be optimal. For local governments and institutions engaged in MSME empowerment, the results of this study can serve as a basis for developing programs to improve digital literacy and provide training in the use of cloud-based accounting technology to accelerate digitalization in the MSME sector. Furthermore, future researchers are advised to add other variables, such as information technology capabilities, management support, or organizational readiness, which may also influence financial reporting efficiency. Further research can also expand the scope of regions and types of industries, and consider a mixed methods approach to gain a more comprehensive understanding of the role of digital literacy in the successful implementation of cloud accounting. Overall, this study confirms that the implementation of cloud accounting can improve the efficiency of MSME financial reporting, with digital literacy being a factor that strengthens this influence. These findings indicate that the success of

digital transformation in MSMEs is determined not only by the availability of technology, but also by the ability of human resources to master and manage it effectively.

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