



## The urgency of implementation SAK EP in replacing SAK ETAP in savings and loan cooperatives

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### ARTICLE HISTORY

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### ABSTRACT

Savings and Loans Cooperatives (KSP) play an important role in the community's economy, especially in providing financial access to their members. However, in managing their finances, many KSPs still use the Entity Without Public Accountability Financial Accounting System (SAK ETAP). This Community Service aims to analyze the urgency of implementing Financial Accounting Standards for Fund Management Entities (SAK EP) as a replacement for SAK ETAP in the KSP context. The community service method is carried out through socialization, training and direct assistance to KSP administrators and members in implementing SAK EP. Community Service Results show that the implementation of SAK EP in KSP provides significant benefits, including increased transparency, accountability and reliability of financial information. The use of SAK EP also helps KSP in meeting regulatory requirements and increasing the trust of members and external parties such as banks and the government. Apart from that, this community service also strengthens understanding and accounting skills for KSP administrators and members, which in turn can improve the quality of financial management and overall KSP business growth. This community service emphasizes the urgency of implementing SAK EP in replacing SAK ETAP in KSP as an important step towards better financial governance, which has a positive impact on the economic growth of society as a whole.

### KEYWORDS

SAK EP; SAK ETAP; Savings and Loans Cooperative

## 1. INTRODUCTION

Savings and Loans Cooperatives (KSP) have an important role in providing financial services to the community, especially those in the middle to lower economic levels. However, there are still challenges in preparing accurate and reliable financial statements by KSP. The Financial Accounting Standard for Entities Without Public Accountability (SAK ETAP), which is widely used by KSP, has been considered inadequate in reflecting the complexity of financial transactions carried out by the cooperative. Along with the times and the need for increasing transparency, more appropriate and comprehensive accounting standards are needed. The phenomenon that occurs is the encouragement and need to replace SAK ETAP with Financial Accounting Standards for Social Fund Management Entities (SAK EP) in KSP. SAK EP is considered more

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relevant and takes into account the specific needs of entities such as cooperatives, which often have different business models than commercial enterprises. However, the implementation of SAK EP is not easy and requires great efforts from various related parties.

Transparent and standard-compliant financial reporting created by cooperatives will improve operations and stakeholder trust because cooperatives have a strategic role in driving the local economy. As a result, as a result of the continuous development of the business world and demands from various parties, including the government, investors, and members of the cooperative itself, accurate and standardized cooperative financial reporting is essential. Therefore, community efforts to provide education on cooperative financial reporting based on Private Entity Financial Accounting Standards (SAK EP) are an important step to encourage economic growth at the local level. Private Entity Financial Accounting Standards (SAK EP) ensure that cooperative accounting practices are accessible and compliant with applicable standards. SAK EP is also considered a relevant and appropriate standard for regulating cooperative accounting practices. The main purpose of this community service is to increase awareness of cooperative members, management, and other related parties about the importance of implementing SAK EP in cooperative financial reporting. In addition, this activity also aims to provide a practical understanding of the implementation of SAK EP, facilitate discussion of problems that may arise, and find the best way to improve its implementation. (Widya et al., 2023)

Private Entity Financial Accounting Standards (SAK EP) were issued on June 30, 2021 by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK IAI). SAK EP regulates how to prepare financial statements of private entities, including cooperatives. After January 1, 2025, SAK EP is used for cooperatives. It replaces the Financial Accounting Standards of Entities Without Public Accountability (SAK ETAP), which were previously used to prepare cooperative financial statements. The purpose of SAK EP is to provide relevant and accurate information about the financial performance of the cooperative to members and other related parties. (Jaka, 2023)

The factors that influence the "Urgency of Implementing SAK EP in Replacing SAK ETAP in Savings and Loan Cooperatives" include:

- Complexity of KSP Financial Transactions

Savings and loan cooperatives often have complex transaction patterns, including loans, deposits, and investments, which require adequate accounting standards to accurately record those transactions.

- The Need for Transparency and Accountability

The public, regulators, and other stakeholders are increasingly demanding transparency and accountability from KSP. The implementation of SAK EP is expected to increase the transparency of financial statements and increase public trust in the KSP.

- Internal Readiness of KSP

The challenges of implementing SAK EP are also related to the internal readiness of KSP in terms of adequate human resources, necessary accounting information systems, and changes in organizational culture that may be needed.

- Government Regulation and Support

Regulatory support and government policies in encouraging the adoption of SAK EP can accelerate the transition process and provide a clear direction for the FSA.

The problem that can be formulated is "What is the urgency of implementing the Financial Accounting Standards of Fund Management Entities (SAK EP) in replacing Financial Accounting Standards of Entities Without Public Accountability (SAK ETAP) in savings and loan cooperatives?". The objectives of Community Service Activities with the 2023 National Workshop held at The Jayakarta Suites Komodo Flores Hotel, Labuan Bajo, East Nusa Tenggara are as follows:

- Analyze the urgency of implementing SAK EP in replacing SAK ETAP in savings and loan cooperatives.
- Evaluate the impact of implementing SAK EP on transparency, accountability, and growth of savings and loan cooperatives.
- Find solutions to overcome obstacles or challenges in the implementation of SAK EP in a savings and loan cooperative environment.

## **2. IMPLEMENTATION METHOD**

In overcoming the problems that occur in KSP business people as described, the Community Service Activity Program provides several methods of approach that can help in solving existing problems, namely by carrying out community service methods carried out through socialization, training, and direct assistance to KSP administrators and members in implementing SAK EP. The stages of implementation are as follows:

### **• Preparatory Stage**

Conduct a literature study to understand the context and urgency of the implementation of SAK EP in savings and loan cooperatives and an initial survey to assess the understanding and readiness of cooperative business actors towards the implementation of SAK EP.

### **• Execution Levels**

Develop educational materials that include an introduction to SAK EP, the difference with SAK ETAP, its benefits, and how to implement it, Consult material with accounting experts and savings and loan cooperative practitioners, Conduct training sessions and workshops directly or online for management and members of savings and loan cooperatives, Provide time for discussions, questions and answers, and case studies to improve practical understanding, Provide technical guidance and one-on-one consultation to cooperatives that want to implement SAK EP, Accompany the process of implementing SAK EP, including the preparation of financial statements in accordance with standards, Hold campaigns through social media, brochures, and seminars to increase public awareness about the importance of implementing SAK EP and Invite the community and related stakeholders to support the implementation of SAK EP in savings and loan cooperatives.

### **• Evaluation Phase**

Conduct periodic evaluations to measure the level of understanding and implementation of SAK EP by cooperatives and Collect feedback from trainees and cooperatives to improve and improve community service programs.

### 3. RESULTS AND DISCUSSION

The community service program succeeded in increasing the understanding and awareness of savings and loan cooperative members about the urgency of implementing SAK EP. Surveys before and after the implementation of the program showed significant improvements in understanding of the differences between SAK EP and SAK ETAP, as well as the benefits that can be obtained from the implementation of SAK EP. A number of savings and loan cooperatives that have participated in technical training and assistance have successfully implemented SAK EP in the preparation of their financial statements. They are able to adopt accounting principles that conform to new standards and produce more transparent and accurate financial statements.

The implementation of SAK EP has a positive impact on transparency, accountability, and growth of savings and loan cooperatives. More structured and clear financial statements help cooperative administrators and members in making better decisions. It also increases confidence from external parties such as potential investors and financial institutions. Although successful, the program also faced a number of challenges such as limited resources and resistance to change from some cooperative members. However, with a sustainable approach and effective communication, this challenge was successfully overcome. Technical assistance and continuous support from the community service team are key in overcoming these obstacles.

Through community service programs, alternative solutions that we put forward are as follows:

- Educating savings and loan cooperative members about the importance of implementing SAK EP and its benefits for cooperative transparency and growth.
- Provide training to administrators and cooperative members on the practical implementation of SAK EP.
- Assisting savings and loan cooperatives in the process of implementing SAK EP by providing technical guidance and resources needed.
- Create a campaign to raise awareness about the importance of implementing new accounting standards and increase the involvement of cooperative members in the process.

### 4. CONCLUSIONS AND RECOMMENDATIONS

#### 4.1. Conclusion

The community service program regarding the urgency of implementing the Financial Accounting Standards for Entities Without Public Accountability (SAK EP) in replacing the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) in savings and loan cooperatives has provided significant results in increasing understanding, application, and positive impact for savings and loan cooperatives.

- This program has succeeded in increasing the understanding and awareness of savings and loan cooperative members about the importance of implementing SAK EP. Through training, workshops, and socialization campaigns, cooperative members are able to understand the difference between SAK EP and SAK ETAP and their benefits for cooperative transparency and growth.



**Figure 1.** 2023 National Workshop The Urgency of Implementing SAK EP in Replacing SAK ETAP in Savings and Loans Cooperatives



**Figure 2.** Hotel The Jayakarta Suites Komodo Flores, Labuan Bajo, East Nusa Tenggara

- A number of savings and loan cooperatives that participated in the program successfully implemented SAK EP in the preparation of their financial statements. They are able to adopt accounting principles that conform to new standards, resulting in more transparent and accurate financial statements.
- The implementation of SAK EP has a positive impact on transparency, accountability, and growth of savings and loan cooperatives. More structured and clear financial statements help cooperative administrators and members in making better decisions and increase trust from external parties such as potential investors and financial institutions.
- The program faces a number of challenges such as limited resources and resistance to change from some cooperative members. However, with a sustainable approach and effective communication, these challenges were successfully overcome through technical mentoring and continuous support from the community service team.

The implementation of SAK EP in savings and loan cooperatives has great urgency and provides significant benefits for transparency, accountability, and economic growth at the local level. This community service program is an important first step in introducing and encouraging the adoption of SAK EP in savings and loan cooperatives, and can be used as an example for similar efforts elsewhere.

#### **4.2. Suggestion**

Based on the experience and results of the community service program regarding the urgency of implementing the Financial Accounting Standards of Entities Without Public Accountability (SAK EP) in replacing the Financial Accounting Standards of Entities Without Public Accountability (SAK ETAP) in savings and loan cooperatives, here are some suggestions that can be given to strengthen and continue these efforts:

- Sustainable Program Implementation

Continue the community service program on an ongoing basis by providing regular training, workshops, and technical assistance for savings and loan cooperatives. This will help ensure that understanding and implementation of SAK EP continues to grow among cooperatives.

- Dissemination of Information and Education

It is necessary to increase efforts to disseminate information and education about the importance of implementing SAK EP not only to cooperative members, but also to external stakeholders such as regulators, potential investors, and financial institutions.

- Collaboration with Related Parties

Form cooperation with related parties such as cooperative associations, educational institutions, and local governments to improve the effectiveness of community service programs in encouraging the adoption of SAK EP in savings and loan cooperatives.

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