The Importance of Secure Financial Solutions and Monitoring among Supply Chain Stakeholders

Ikram Hasan¹, Md. Mamun Habib²
¹,²Graduate School of Business, Universiti Tun Abdul Razak (UNIRAZAK), Kuala Lumpur, Malaysia.
¹ h.ikram217@ur.unirazak.edu.my, ² mamunhabib@unirazak.edu.my

Received Apr 01, 2023, Accepted: Apr 10, 2023, Published Online: Apr 16, 2023

Reviewers: Anonymous Peer Review

Citation: Hasan, I, and Mamun Habib. “The Importance of Secure Financial Solutions and Monitoring among Supply Chain Stakeholders” International Supply Chain Technology Journal, vol. 9, no. 5, 2023, https://doi.org/10.20545/isctj.v09.i05.03

The Internet of Things (IoT) has revolutionized the way we manage supply chains, providing increased visibility, real-time tracking, and seamless connectivity between all stakeholders involved [1]. Despite the myriad of benefits, the growing dependence on IoT technologies has also amplified the need for secure financial solutions and monitoring the transaction amount SCM parties [2]. Unfortunately, there is a dearth of research in this specific area. This article illustrates the importance of secure financial solutions and transaction monitoring in supply chain management (SCM) and deserves further investigation.

The Need for Secure Financial Solutions:

As SCM becomes more interconnected and reliant on IoT technologies, it is essential to ensure that financial transactions between parties are secure [3]. This is particularly important given the increasing complexity of global supply chains, which often involve multiple stakeholders, such as suppliers, manufacturers, distributors, and retailers.

Security breaches in financial transactions can lead to significant financial losses, reputational damage, and even the collapse of the entire supply chain [5]. Furthermore, the lack of secure financial solutions can increase the risk of fraud, money laundering, and other financial crimes, potentially exposing SCM parties to legal and regulatory penalties.

Monitoring Transaction Amounts in SCM Stakeholders:

Effective monitoring of transaction amounts between SCM stakeholders is essential for several reasons [4]. Firstly, it enables organizations to detect and prevent fraudulent activities, thereby reducing the risk of financial loss and reputational damage [6]. Monitoring can also help companies identify unusual transaction patterns, which may be indicative of money laundering or other illicit activities [7].
Secondly, monitoring transaction amounts can help organizations optimize their cash flow management and working capital requirements [8]. By closely tracking the inflow and outflow of funds, companies can better anticipate financial needs and ensure the smooth operation of their supply chains.

Lastly, effective transaction monitoring can facilitate more accurate financial reporting and compliance with regulatory requirements [10]. Given the growing emphasis on transparency and accountability in SCM, it is vital for organizations to maintain accurate records of all financial transactions.

Despite the evident importance of secure financial solutions and transaction monitoring in SCM, there is a notable lack of research in this area. Future studies should explore the development of robust and scalable financial security solutions, taking into consideration the unique challenges posed by IoT-enabled supply chains [9]. Additionally, researchers should investigate the role of emerging technologies, such as blockchain and artificial intelligence, in enhancing the security and monitoring capabilities of SCM parties [11].

As the reliance on IoT technologies in SCM continues to grow, it is crucial for organizations to prioritize secure financial solutions and transaction monitoring. Doing so can help mitigate the risks associated with financial fraud, optimize cash flow management, and ensure compliance with regulatory requirements. As research in this field is currently limited, it is vital for academics and practitioners to collaborate in developing new knowledge and practical solutions to address these critical aspects of SCM.

References


