



Implementation of the Cashless Government System in Ministry of Religious Ciamis

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Abstract. This research aimed to analyze implementation cashless government system at Ministry of Religious Ciamis Office to modernize the transaction of the state budget for transparent and accountable bureaucracy. The cashless government system is considered as part of public innovation to encourage public sector administrative reform efforts. The purpose of this study is to explain current government transaction conditions, to understand the concept of cashless government, and to explain of implementing the cashless government system in Ministry of Religious Ciamis Office. To analyze the cashless government system, the researchers used the policy instrument of Cash Management System and Government Credit Card from Ministry of Finance. The purpose of policy is reducing cash transaction, reducing idle cash and cost of government fund, and reducing cash transaction fraud. The method used in this research is a qualitative method with a descriptive analysis, data collection was carried out through literature study, observation, and interview. The result of this research is cashless policy innovation has not been successfully implemented, this can be seen from the three-work unit in Ministry of Religious Ciamis Office that have not been implemented of a Government Credit Card. It is important for head office to create a sense of urgency for change in public sector organizations and by immediately transforming into a dynamic bureaucracy in the face of the challenges of the times. The government's cash system is expected to increase the transparency and accountability of the state's finances. In a broader context, this system is expected to provide benefits in encouraging economic growth and improving public welfare.

Keywords: Cashless Government System · Good Governance · Administrative Reform

1 Introduction

In the recent cashless era, the proliferation of mobile technology and the digitalization of financial services have developed significantly, marked by the birth of electronic money as an alternative mode of payment that is seen as part of a new and modern lifestyle. These developments are forcing customers to deal with technology based payment modes that are relatively unfamiliar to them. Such methods enable users to choose to pay in cash or use electronic money for their transaction [1]. The government also realizes that it requires a non-instant process, it needs a massive movement involving various elements

of society such as banks, private companies, and other interested figures [2]. In the last few decades, huge investments have been made by banks in technology to reduce their cost and improve customer's experience. Banks are offering digital banking channels such as ATM, internet banking, mobile banking, digital banking kiosks to deliver best quality services to customers with the expectation of increasing profitability and reducing operating cost [3].

In addition to the above mentioned, the government support is the main key in promoting the cashless transactions, as governments can make financial awareness campaigns to enlarge the awareness among the population about the benefits of cashless payments. Furthermore, the government can support by improving the technological development and withdrawing the service charges on cashless payments will make it easier to be adopted by people [4]. Cashless payments do not substitute but complement the usage of physical money [5]. Some governments encourage a shift toward digital services because they see it as a way to address money laundering, tax evasion and also to boost competition in financial services. Others argue that digital payments protect consumers from being robbed or losing money, as well as sparing them the hassle of constantly carrying a wallet [6].

The Central Bank of Indonesia created a Gerakan Nasional Non Tunai (GNNT) on August 14, 2014. This campaign aims to encourage society to start shifting away from using cash and start to electronic payment instruments as a replacement [7]. Cashless policy is an economic policy aimed at reducing the amount of produced currency in the economy, it involves more electronic based payments. A Cashless economy is an environment in which money is spent without being physically carried from one person to the other [8]. In government agencies cashless payment can make transactions easier, because the treasurer no longer need to carry cash, they only need a card or login to cash management system website to make transactions.

Cash management system is a type of financial management service which can assist a business entity in conducting transactions, supervising, and management liquidity to create financial conditions the most optimal company through the system integrated and connected online with the bank. Cash management system is provided to help customers perform transactions and monitor finances customer [9]. A credit card is essentially a line of credit that can be used to borrow money to make purchases, transfer balances and get cash advances, with the agreement that you will pay back the money borrowed, plus any interest you owe on it, at a later date [10]. There are many developed and well known electronic payments today include internet banking and credit cards. In this case, every payment instruction made by the treasurer either internet banking or credit card, is always through an authorization process and will be charged directly into the treasurer account or cardholder. Cash management system and government credit card, as a strategic information system, are considered one of the main components of economic development, particularly in developing countries, and they greatly help to reinforce the capabilities and provision of financial services.

Ministry of Finance as the State General Treasurer seeks to implementing one of the initiatives strategic program for bureaucratic reform and institutional transformation of the ministry finance, liquidity management state finances with financial instruments modern, and to minimize money in circulation, then the government issuing policies through

Government Regulations Number 50 of 2018 concerning changes to Government Regulations Number 45 of 2013 concerning procedures implementation of the revenue budget and state expenditure. In implementation Ministry of Religious issue Ministerial Decree number 814 of 2018 concerning guidelines for cashless payment transactions at the Ministry of Religious which includes transactions through the cash management system. Further Minister of Finance Regulation no 196/PMK.05/2018 explained about use of government credit cards on work unit inventory money to state spending.

Researchers use Grindle's policy implementation theory because this theory is considered capable of explaining the phenomenon of policy implementation in a comprehensive and structured manner. This model explains that two important factors influence policy implementation, namely content of policy and context implementation [11]. Researchers feel that the Grindle policy implementation model is more detailed and can answer the research questions of this study compared to other policy implementation models. The researcher considers this research can be well explored by using the theory.

Before the implementation of cashless payment, Ministry of Religious Ciamis still used cash payments with various risks. Based on the description of the background above, cashless policy innovations at the Ministry of Religious Ciamis Office are important to study with the perspective of policy implementation, advantages and disadvantages as well as formulations to find out whether the policy innovations carried out are correct in their implementation.

2 Literature Review

2.1 Cashless Society

The cashless society is a change where in addition to using cash, people are also increasingly using debit or credit cards to do payment. People gradually move away from paper payment instruments to electronic payments, i.e., card based payments. In addition to the method of debit or credit card, the current development of electronic payment card with prepaid method and e-wallet which is worth the money on the company's online account is already based electronic payment. The number of funds put into the account can then be used to pay for purchases on the corporate network without the consumer having to transfer or swipe the card at that time. Automatic money that users have entered before can be used anytime in virtual as long as the balance is still sufficient [2].

Progress of payment systems to maximize payment systems that are innovative, safe, efficient, and easy to use, starting from the use of paper-based payment instruments, using cards (card based) to online payments electronic (electronic based) including the development of payment instruments from cash to non-cash based on a cashless society. Development of payment instruments that are integrated with banking information technology are currently the main choice for businesspeople and become an online integrated liaison tool between organizations, companies and customers or customers. One of the digital technology services cashless society banking system [12]. The Indonesian government has committed to accelerate the level of financial inclusion. A substantial proportion of Indonesian people are still financially illiterate which in turn they do not have access to formal financial system [13].

2.2 Cash Management System

Cash management are cash management services or services that given to customers who have deposits at the bank, where every transaction is made based on customer orders. From the above definition it can be interpreted that the bank acts based on orders customer (in terms of making payments) and cannot act as an investment agent. Example cash management services or services that allowed is debiting or overbooking of customer accounts in order to payment of bills or obligations, transfers or transfer of funds from one account to account other owned by the customer, consolidation (pooling) or distribution of funds from branch offices or company operational network, and services mass payment of employee salaries (payroll) [14].

The purpose of this system is to increase economic efficiency, expand the use of non-cash transactions, provide security and convenience in transactions, strengthen the government system, provide transparency and accountability, and support efforts to prevent corruption, money laundering and financing terrorism [15].

2.3 Government Credit Card

People have also taken advantage of technological sophistication through online transactions, so they don't need a credit card as well as physical signing. Transactions using this electronic payment system are very common in the private sector, the government sector started with the use of government credit cards.

Budget proposed by the treasurer is divided into two types, namely cash budget and government credit card budget. The amount of cash budget given is 60% of the total budget, while the amount of government credit card budget is 40% of the total budget. Changes in the amount of budget and the proportion of cash budget and government credit card budget can be made if it has obtained approval from the head of The Regional Office of The Directorate General of Treasury [16]. Delays in the use of credit cards in the public sector are caused by the desire of the procurement office to supervise and ensure accountability for the procurement of government goods. This procurement card is feared to increase fraud, abuse and corruption committed by employees. On the other hand, with the existence of this card, there is a fear that it will lead to downsizing of the number of employees due to the ease of transactions it offers. The last factor is the lack of human resources who have the expertise to implement these systems and cards [17].

2.4 Implementation Public Policy

The Merilee S. Grindle model emphasizes the importance of the content of public policies and programs as a determinant of outcome in implementing a policy, namely how the role of public administrators as implementing actors can pay attention to the environment that can affect the implementation of policies and or programs. A brief listing of those involved in implementing any program would include national level planners; national, regional, and local politicians; economic elite groups, especially at the local level; recipient groups; and bureaucratic implementors at middle and lower levels. Grindle suggests that implementation is related to several factors, including resources, intergovernmental relations, commitment to bureaucracy, and reporting mechanisms. Grindle states that

the general implementation process can begin when goals and objectives have been specified, follow-up programs have been designed, and allocated funds to achieve goals. These three things are the basic conditions for executing a public policy [11].

Merilee S. Grindle framework states that the success of implementation is determined by the degree of implementation of the policy, namely:

- Content of policy, including interests affected, type of benefits, extent of change envisioned, site of decision making, program implementers, resources committed.
- Context of implementation includes power interest and strategies of actors involved, institution and regime characteristics, compliance, and responsiveness.

These two components must be measured in the framework of implementing policies that achieve the results. The results are in the form of the desired impact and the level of change from the policy implementation process. This model has the advantages of the method used, namely the measurement of the success of policy implementation along with output and outcomes.

3 Methods

In preparing this research, the authors used a qualitative research method with a descriptive analysis method. The qualitative approach was chosen because this research tries to describe the views of researchers as a whole and seeks to reveal in-depth truths about the policy of government cashless payment. The authors use a qualitative research method with a descriptive approach because by using a qualitative method, the authors can understand more deeply about the phenomena that occur in the field. The result of this research is that the researcher can give suggestions or recommendation about implementation policy, which is proper in cashless payment implementation for Ministry of Religious Ciamis.

Qualitative research also provides more free space for researchers to explore information and data in the field. With this approach, the authors can express the views, attitudes, and experiences of informants as well as the values adopted by informants. All the information that the authors get in the field, both from research informants and documents, are delivered in a straightforward and sharp manner so that it can reveal the in-depth results of the research.

The research data used is descriptive research data, where in the early research the researcher collected data through the library study technique and field study (interview, observation, and document collection). In a qualitative study, researchers determine that the informants are the people who are directly related to the object of research. The informant determination technique used is the purposive technique, which is a technique of taking data sources with certain considerations. This technique uses people who are considered to know more about what we would expect in research to facilitate researchers explore the object/social situation under study. The technique used by researchers to test the validity of data in this study is triangulation. The data obtained is compared between the implementation of whether it is in accordance with the applicable laws and regulations to obtain results.

The implementation of the policy has brought a positive impact for the payment system, more factors affecting the policy implementation, the more achievement of

goals will be affected as well. This research will conclude the implementation of the payment system from two variables that influence the implementation of public policies where both of these variables can be parameters of the success of implementing a policy. These parameters are as follows:

- Policy process, which is to see the suitability of policy implementation with designs that refer to the actions of their policies; and
- Policy objectives achievement, namely by looking at two factors including the impact on society either individually or in groups and the level of change that occurs and the acceptance of the target group and the occurring changes.

4 Result and Discussion

Along with increasing technological progress, it is utilized by the government in managing public finance so that the concept of the cashless government system emerged. The implementation of the budget at the Ministry of Religious Ciamis is carried out by four work units, namely: Secretariat General, Directorate General of Islamic Community Guidance, Directorate General of Islamic Education and Directorate General of Hajj and Umrah.

4.1 Implementation of Cash Management System

Cash management system or what can be abbreviated as CMS is a system provided for use by treasurers in government agencies or institutions in conducting cashless transactions. The Ministry of Religious Ciamis has implemented cashless payments since 1 January 2018 based on the Circular Letter of the Minister of Religious Number 3 of 2017. The following are important elements in the implementation of a cash management system, namely:

- Transfer form is a valid proof used by the treasurer to make cashless payments/transactions.
- Standard Operational Procedure (SOP), which is a reference in the implementation of cash management system.
- User maker, who is given the authority to input transactions related to payments.
- User checker, who checks documents, especially related to book-entry forms that have been made by the user maker and adjusts them to the activity budget that has been prepared previously by the treasurer.
- User approval has the duty to approve related transactions to be carried out.

The Circular Letter of Minister of Religious states that the implementation of cashless payments to the Ministry of Religious is no later than January 1, 2018. The Ministry of Religious Ciamis has submitted a cash management system registration to Bank Rakyat Indonesia, which then in the 2018 fiscal year all work units have used cash management system. The user maker in each work unit is the treasurer while the user checker and the approper are the head office.

The Minister of Religious issued a regulation of the Minister of Religious Number 814 of 2018 concerning guidelines for cashless payment transactions at the Ministry of

Religious. This guide is one of the media to disseminate information to the work units of the Ministry of Religious related to the procedures for cashless payments from state budget sources in the context of accelerating budget implementation, administration, and accountability of the state budget.

Reviewing the budget implementation document shows that the implementation of cashless payments as a whole has been carried out, in addition to proof of payment, there is also proof of tax payment through cash management system. The implementation of cashless transactions has an impact on increasing accountability and transparency where all flows of funds can be traced, recording transactions carried out directly and complete evidence of accountability that makes it realize the rules of administration of financial management. Results of interviews with informants who stated that the cash management system has an influence on environmental characteristics on the performance of agency employees. The cash management system makes the work of treasurers in government agencies more efficient, especially in managing finances and spending, if in a day there are many transactions, the treasurer as the user of the cash management system can bring his work to take home. Therefore, the results of this study indicate that the implementation of a cash management system can make financial management more efficient, both in terms of time, access and cost.

One of the problems is that the name on the shop account is not the name of the shop but the owner of the shop, this creates doubts the money is transferred to the right person. How to overcome this, a statement letter is made stating that the account is properly used as a buying and selling activity. There are also some payees who do not have accounts such as students, then a statement must be made that the money is transferred to a certain designated person.

4.2 Implementation of Government Credit Card

Minister of Finance Regulation No. 196/PMK.05/2018 concerning procedures for payment and use of government credit cards, this policy is effective starting July 1, 2019, to support the modernization of budget implementation by utilizing credit card facilities. The use of government credit cards shall observe the following principles:

- Flexibility, ease of use of the card with a wider range of usage and transactions can be made at all merchants that accept payments through electronic data capture (EDC) machines / online media.
- Safe in transactions and avoid deviations from cash transactions
- Effective in reducing idle cash and cost of funds
- Accountability for paying state bills

At the Ministry of Religious Ciamis, only one work unit has used a government credit card, Directorate General of Islamic Education from July 1, 2019, has submitted an application to Bank Rakyat Indonesia and adjust the amount of budget to the State Treasury Office. The amount of government credit card budget is 40% of the total budget. There are two types of government credit card that can be owned by the agency. First, the government credit card for goods and capital expenditure purposes, this government credit card is used by the activity implementers. Second, government credit card for official travel purposes, this government credit card is held by the official travel officer.

The government credit card limits are credit cards for business travel purposes are given a spending limit of a maximum of IDR 20 million per credit card per month and credit cards for operational expenditures are given a spending limit of a maximum of IDR 50 million per credit card per month. Directorate General of Islamic Education have 16 government credit cards for operational expenditure with total card limit IDR 100 million.

Results of interviews with users' government credit card feel benefited with flexibility which includes shopping that can be done offline or online, government credit cards can be used at any store that has an electronic data capture machine and ease of payment system with auto debit. Government credit card security level which includes security from the risk of loss, theft, and robbery. As well as security from potential fraudulent cash transactions and security using a card with a PIN. Division of authority between government credit card holders who carry out state expenditures and bill examiners who see the suitability of transactions. Accountability for state bills includes clear transactions cannot be manipulated as spending control.

Fear when using the new system is one of the reasons the work unit has not used a government credit card, various concerns such as how to use it and other things are taken into consideration, efforts are needed to ensure that its implementation will not be difficult. Even the work unit who have implemented it must make innovations such as giving gifts to card owners who are the first to shop, the most spending per month to encourage them to start shopping with cards.

Research findings on work units that have not used government credit cards are caused by unavailability of electronic data capture machines at stores, do not have experience using government credit card when making payments so that employees choose to use personal money, and there has been no follow up from the bank regarding the subscription store registration.

Based on the data exposure from the government credit cards issuing bank, the research findings showed that the provision of electronic data capture machines was not optimal because of restrictions on procurement electronic data capture machines by bank headquarters and lack of response from shop owners.

5 Conclusion

Based on the explanation from the previous description regarding the implementation of the cash management system at the Ministry of Religious Ciamis, then researchers can conclude that the implementation of the cash management system is in accordance with regulations that aim to limit the use of cash in payment transactions. Budget managers realize that security is also guaranteed because it must go through three users: maker, checker, and approval. Then with this cash management system, fraud in financial management especially related to state spending will not occur, because with this system financial management will also become accountable and transparent.

Based on the research focus that has been formulated related to the implementation of the use of government credit cards in state spending, it can be concluded that the implementation government credit cards provide security, flexibility, transparency, and accountability of state spending. Government credit cards can meet the principles of

transparency and accountability of state spending, where there is a digital track record of transactions in government credit card bills including the type, place, use and amount of transactions that have been made. The results of other research findings are that the implementation of the government credit card is not yet optimally implemented by the work unit at the Ministry of Religious of Ciamis, with three work units that have not yet implemented it. Direct supervision by the head office is needed along with mature tasks so that the implementation of cashless payment is an effective.

This study adopts the implementation model by Grindle, the implementation of cashless payment system policy is characterized by unpreparedness of activity implementers to use new payment methods such as credit cards. Resources committed, compliance and responsiveness still weak. There must be a monitoring policy, so the implementation does not simply stop on the program delivery, budgetary support for skills empowerment or human development, and active collaboration between different stakeholders to focusing on the objectives.

The cashless payment system innovation policy is a new way to improve financial management accountability, human resources are an important factor. In implementation of cashless payment system, roles are needed from various parties, namely the government, academics, and the private sector such as bank to integrate and coordinate all components of the agency when building a great payment system.

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