Implementation of Regional Government Credit Cards (KKPD) as an Innovation in Regional Financial Management: Case Study of the South Sulawesi Provincial Government

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Abstract. This study aims to analyze the influence of Accountability, Efficiency, and Implementation on Financial Management Innovation in the financial management of the South Sulawesi Provincial Government, especially related to the implementation of the Regional Government Credit Card (KKPD). This study uses a quantitative approach by distributing questionnaires to 100 respondents involved in financial management. The results of the study indicate that Efficiency and Implementation have a significant and positive influence on financial management innovation, with P values of 0.001 and 0.000, respectively, and path coefficients of 0.323 and 0.401. This means that increasing efficiency in the payment process and good implementation of the KKPD system can increase innovation in regional financial management. On the other hand, Accountability has an insignificant influence on financial innovation, with a P value of 0.101 and a path coefficient of 0.172. This shows that although accountability is important in financial management, in the context of innovation, its role is not too large compared to efficiency and implementation. Based on these findings, it can be concluded that to encourage innovation in regional financial management, the main attention should be given to increasing the efficiency of the financial process and good implementation of financial systems such as KKPD. Accountability, although important, was not a dominant factor in driving financial innovation in this study.

Keywords: Accountability, Efficiency, Implementation, Financial Management Innovation, Local Government Credit Card.

1 Introduction

In the era of globalization and digitalization, the government is required to innovate in various aspects of governance, including in financial management. One innovation that is now starting to be implemented by local governments in Indonesia is the use of the Regional Government Credit Card (KKPD). KKPD was introduced as an electronic payment tool used by local governments to facilitate and accelerate the process of financial transactions, especially for operational expenses. This innovation is expected to increase efficiency, transparency, and accountability in public budget management [1].

M. Nohong et al. (eds.), *Proceedings of the 9th International Conference on Accounting, Management, and Economics 2024 (ICAME 2024)*, Advances in Economics, Business and Management Research 331,
https://doi.org/10.2991/978-94-6463-758-8_223

The South Sulawesi Provincial Government is one of the regions that has started implementing KKPD in its financial management. With the challenges faced in terms of effective and efficient budget management, the implementation of KKPD is considered a relevant solution to minimize complicated bureaucracy and accelerate the payment process. This is in line with the efforts of the central government in introducing digitalization in governance, as reflected in various regulations and policies related to digital transformation in the public sector [2].

1.1 Background to the Use of KKPD

Local government financial management often faces a number of obstacles, including problems of delays in disbursement of funds, overlapping administration, and the risk of budget misuse. In conventional systems, the process of disbursing funds through manual mechanisms takes a long time, because it must go through various stages of approval and administration. In addition, direct cash disbursement through check printing or bank transfers often does not provide transparent and easily accessible records [3].

Since the introduction of KKPD, local governments have been given access to make payments faster and more practically, especially for urgent transactions. KKPD allows local governments to transact directly with vendors or service providers without having to go through a time-consuming procurement process. Every transaction made through KKPD can be automatically recorded in the banking system, thus facilitating supervision and audits by related parties [4].

In general, the objectives of implementing KKPD are to: Increase Expenditure Efficiency: With KKPD, local governments can reduce the time needed to process payments, especially for operational expenses. Increase Transparency, Every transaction made through KKPD can be accessed in real-time by the regional financial management authority, thus minimizing the risk of budget misuse. Facilitate Audits and Supervision, Transaction records recorded in the banking system allow for more effective audits and supervision. Reducing the Use of Cash, KKPD is also expected to reduce the risk of using large amounts of cash, which is susceptible to misappropriation.

1.2 The Role of Innovation in Government Financial Management

Innovation in government financial management is not only related to the application of new technology, but also includes changes in existing systems and procedures. According to [1], innovation in government financial governance must be able to provide added value in terms of efficiency, effectiveness, and accountability. KKPD is one form of innovation that aims to realize better regional financial governance [5].

The implementation of KKPD in South Sulawesi is also in line with national policies that encourage digital transformation in the public sector. The central government through the Ministry of Finance and Bank Indonesia has issued a number of regulations that encourage local governments to switch from conventional payment methods to electronic payment methods, such as government credit cards [6]. One important regulation that is the basis for the implementation of KKPD is the

Regulation of the Minister of Finance (PMK) No. 196/PMK.05/2018 concerning Procedures for Payment and Use of Government Credit Cards.

The South Sulawesi Provincial Government has seen the potential benefits that can be obtained from the use of KKPD, especially in terms of accelerating the expenditure process and better monitoring of budget use. In the context of public financial management, KKPD is seen as a tool that can reduce administrative burdens and increase accountability because all transactions are recorded automatically. In addition, the use of KKPD is also expected to accelerate the regional development process through faster and more targeted spending [7].

1.3 Challenges in KKPD Implementation

Although KKPD is considered a useful innovation, its implementation is not free from a number of challenges. Some of the challenges faced by the South Sulawesi Provincial Government in implementing KKPD include: Uneven Technological Infrastructure, One of the main obstacles in implementing KKPD is the inadequate technological infrastructure in all regional government work units. Several regional offices or agencies still experience limitations in terms of internet access and the technological equipment needed to manage electronic payment systems. This causes several work units to have difficulty adopting KKPD [8].

Readiness of Human Resources (HR), Implementation of KKPD requires a good understanding from government employees regarding how to use credit cards and related procedures. Not all employees have the same readiness in terms of technological skills and understanding of electronic payment systems. Comprehensive training is needed to ensure that all employees understand the procedures and rules related to the use of KKPD. Limited Socialization, In the early stages of KKPD implementation, socialization regarding the procedures for use and benefits of KKPD has not been carried out evenly. Many employees still feel hesitant to use KKPD due to a lack of understanding and clear socialization. The South Sulawesi Provincial Government needs to conduct more intensive socialization to increase the adoption of KKPD in all work units. Resistance to Change, Like other innovations, the implementation of KKPD also faces resistance from several parties who are more comfortable with the old financial management system. Some employees or officials may feel that this new system is too complicated or does not suit their habits. Therefore, efforts are needed to overcome this resistance by providing an understanding of the long-term benefits of using KKPD.

1.4 Urgency of Research

Research on the implementation of KKPD in South Sulawesi is very important because it can provide a clear picture of the extent to which this innovation has been successfully implemented and what obstacles are faced. With this research, it is hoped that the local government can take appropriate corrective steps to increase the effectiveness of KKPD implementation. In addition, this study is also expected to contribute to other local governments that are considering adopting KKPD as part of their financial governance. This study is also relevant to the central government's efforts to encourage digital transformation in the public sector. Through a case study of the South Sulawesi Provincial Government, this study can be used as evaluation material for national policies related to the use of government credit cards and innovations in regional financial management in general [9], [10].

1.5 Research Objectives

The objectives of this study are to analyze the implementation of KKPD in the South Sulawesi Provincial Government, including the implementation mechanisms and procedures used. Evaluate the impact of the use of KKPD on the efficiency and accountability of regional financial management and identify the obstacles faced in the KKPD implementation process and the efforts made to overcome these obstacles.

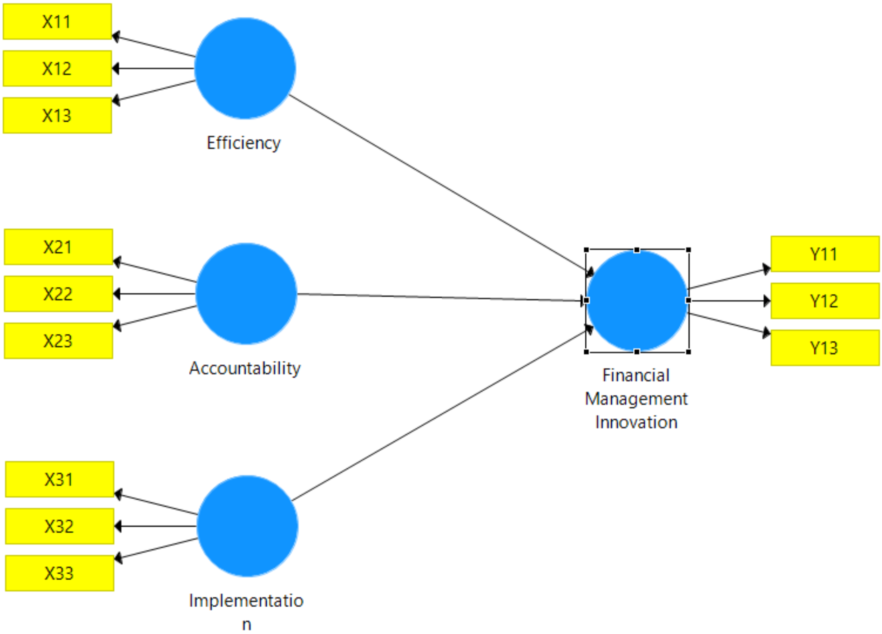

Fig. 1. Research Model

Based on the figure above, the following research hypotheses are formulated

1. Hypothesis 1: Efficiency of KKPD use has a positive and significant effect on user acceptance.
2. Hypothesis 2: Accountability of KKPD use has a positive and significant effect on user acceptance.
3. Hypothesis 3: Challenges in KKPD implementation have a negative and significant effect on user acceptance.

2 Research Methodology

This study uses a quantitative approach to analyze the implementation of the Regional Government Credit Card (KKPD) as an innovation in financial management in the South Sulawesi Provincial Government. The quantitative method was chosen because this study aims to measure and test the relationship between variables that affect the effectiveness of KKPD implementation, as well as to obtain data that can be generalized.

2.1 Population and Sample

The population in this study were all employees of the South Sulawesi Provincial Government involved in the financial management process, especially employees in the Regional Finance Agency and related agencies that use KKPD. Because it is impossible to take data from the entire population, a random sampling technique will be used to determine the research sample. Based on the large population size, the sample taken was 100 respondents, selected from work units that have used KKPD.
The inclusion criteria in this study were:

- Employees who are directly involved in the financial management process in the South Sulawesi Provincial Government.
- Employees who have experience in using KKPD for at least 6 months.

2.2 Types and Sources of Data

This study uses primary data obtained through a questionnaire survey. The questionnaire will be distributed to employees involved in regional financial management and who have used KKPD. In addition, secondary data in the form of financial reports, government policies related to the use of KKPD, and other relevant documents will be used as supporting data.

2.3 Research Instrument

The main instrument in this study is a closed questionnaire compiled based on a 5-point Likert scale, with a range of answers from 1 (strongly disagree) to 5 (strongly agree) [11]. This questionnaire will be designed to measure employee perceptions of several aspects, namely:

- Financial Management Efficiency: Measuring whether KKPD can improve efficiency in the budget expenditure process.
- Accountability and Transparency: Measuring the extent to which the use of KKPD improves accountability and transparency in financial management.

- Implementation Challenges: Measuring the obstacles faced in implementing KKPD, such as infrastructure and HR readiness.
- User Acceptance: Measuring the level of employee acceptance of KKPD innovations.

2.4 Data Collection Techniques

Data collection is carried out by:

- Questionnaire distribution: The questionnaire will be distributed directly to selected samples offline or via email if necessary. Each respondent will be given one week to fill out and return the questionnaire.
- Limited Interviews: To complete the quantitative data, limited interviews with key officials at the Regional Finance Agency will be conducted to obtain more in-depth information regarding the KKPD implementation policy.

2.5 Data Analysis Techniques

The data collected from the questionnaire will be analyzed quantitatively using statistical software such as SPSS or SmartPLS. The analysis carried out includes:

- Validity and Reliability Test: Before conducting further analysis, the questionnaire will be tested for validity using the item-total correlation test and its reliability using the Cronbach's Alpha test. Validity ensures that the instrument measures what it should measure, while reliability ensures the consistency of the measurement results.
- Descriptive Analysis: Data from the questionnaire will be analyzed descriptively to describe respondents' perceptions of efficiency, accountability, challenges, and acceptance of the KKPD. This descriptive analysis will be presented in the form of average scores, percentages, and diagrams.
- Hypothesis Testing: This study will also test several hypotheses related to the relationship between variables. Simple linear regression and multiple regression tests will be used to test the effect of independent variables (efficiency, accountability, challenges) on the dependent variable (KKPD user acceptance).

2.6 Operational Definition of Variables

- Financial Management Efficiency (X1): Efficiency is measured based on respondents' perceptions of how fast and easy the process of disbursing funds is after using KKPD [12].

- Accountability and Transparency (X2): Accountability is measured based on the extent to which the use of KKPD increases transparency in financial reporting and audits [13].
- Implementation Challenges (X3): Challenges include perceived obstacles in implementing KKPD, such as infrastructure readiness and employee skills [14].
- User Acceptance (Y): User acceptance is measured by how much employees accept and adopt the use of KKPD in daily financial processes [15].

3 Results

This study aims to measure the effectiveness of the implementation of the Regional Government Credit Card (KKPD) as an innovation in financial management in the South Sulawesi Provincial Government. Based on the analysis of data obtained through questionnaires and interviews with employees involved in financial management, the results of this study will be divided into several subsections, namely: efficiency of financial management, accountability and transparency, implementation challenges, and user acceptance of the KKPD innovation.

3.1 Respondent Characteristics

Table 1. Characteristics of Research Respondents.

Characteristic	Descriptions
Gender	60 Male
	40 Female
Age	25 - 35 Years(20%)
	36 – 45 Years (45%)
	46 – 55 Years (35%)
Education	S1 (60%)
	D3 (30%)
	S2 (10%)
Experience	> 1 Tahun (75%)
	< 1 Tahun (25%)

Source : Data Processed (2024)

The respondents of this study consisted of 100 employees in the South Sulawesi Provincial Government who were involved in regional financial management. Respondents came from various work units that had adopted the use of KKPD. Most respondents (75%) had more than 1 year of experience in managing regional finances, while 25% of respondents had only used KKPD for the past 6 months. In terms of education, 60% of respondents had a bachelor's degree (S1), 30% had a diploma (D3), and 10% had a postgraduate degree (S2). Most respondents (80%) were in the age range of 30-50 years, indicating that they had sufficient experience in financial management.

3.2 Data Analysis

Validity

Table 2. Validity Test

Variable	AVE	Description
Accountability	0.650	Valid
Efficiency	0.654	Valid
Financial Management Innovation	0.708	Valid
Implementation	0.612	Valid

Source : Data Processed (2024)

The table shows the results of the Average Variance Extracted (AVE) test for the four variables used in the study: Accountability, Efficiency, Financial Management Innovation, and Implementation. All variables have AVE values above 0.5, indicating that the indicators used to measure each variable are convergently valid. With the highest AVE value for the Financial Management Innovation variable (0.708) and the lowest for Implementation (0.612), this indicates that all variables are measured representatively and can be relied on to describe the influence of KKPD in regional financial management.

Reliability

Table 3. Reliability Test.

Variabel	Cronbach Alpha	Description
Accountability	0.732	Reliable
Efficiency	0.736	Reliable
Financial Management Innovation	0.793	Reliable
Implementation	0.710	Reliable

Source: Processed data (2024)

The table results show Cronbach's Alpha values for the four variables measured in the study: Accountability (0.732), Efficiency (0.736), Financial Management Innovation (0.793), and Implementation (0.710). All values are above the threshold of 0.7, indicating that the four variables have a good level of reliability. This means that the indicators used to measure each variable consistently produce reliable data, so that the measurement of these variables is valid and worthy of use in further analysis.

Hypothesis Testing

Table 4. Hypothesis Testing Result.

Variable Relationship		Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Accountability	->	0.172	0.17	0.105	1.644	0

Financial Management Innovation		6			.10 1
Efficiency -> Financial Management Innovation	0.323	0.32 1	0.095	3.414	0 .00 1
Implementation -> Financial Management Innovation	0.401	0.40 6	0.104	3.838	0

The table shows the results of statistical analysis for three independent variables: Accountability, Efficiency, and Implementation, which affect the dependent variable Financial Management Innovation. The Original Sample (O) column shows the path coefficient value, which reflects the magnitude of the influence of each independent variable on financial management innovation. For example, Efficiency has a coefficient value of 0.323, which indicates a stronger influence on financial management innovation than Accountability with a coefficient of 0.172. The Sample Mean (M) value reflects the average of the path coefficient influence based on the samples tested.

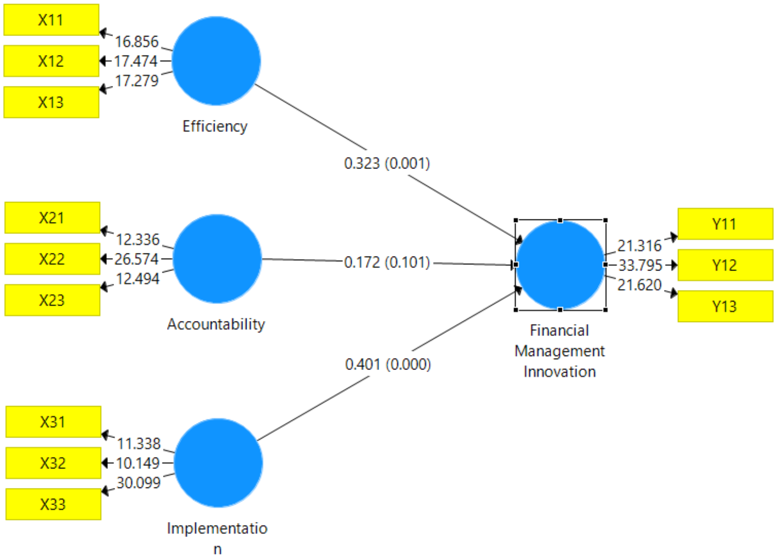

Fig. 2. Hypothesis Test Results

Next, the T Statistics and P Values columns show the significance of the relationship between variables. P Values below 0.05 are considered significant, meaning that the relationship is statistically strong enough. In the table, the Efficiency (P = 0.001) and Implementation (P = 0.000) variables show a significant influence on Financial Management Innovation, while Accountability with a P value = 0.101 does not show a significant influence. This means that in the context of this study, efficiency and implementation are key factors that influence financial management innovation, while accountability does not have a significant influence.

4 Discussion

Based on the results of the analysis of the influence between variables shown in the table, it can be concluded that not all independent variables have a significant influence on regional financial management innovation (Financial Management Innovation). Efficiency and Implementation have a significant influence on financial management innovation with a P value <0.05, each indicating a strong positive relationship. The Efficiency coefficient of 0.323 and the Implementation coefficient of 0.401 indicate that the higher the level of efficiency and the better the implementation applied in the financial system, the greater the innovation produced in financial management. This means that efficiency in the financial process, such as accelerating the payment process and reducing bureaucracy, as well as the implementation of a well-planned and well-managed KKPD system, play an important role in driving financial innovation. On the other hand, the Accountability variable with a coefficient of 0.172 shows an insignificant effect on financial management innovation, with a P value of 0.101 (greater than 0.05). This shows that although accountability in financial management is important, in the context of this study, its role is not very strong in driving financial management innovation. Perhaps, accountability has been considered as an inherent factor in financial management and not as the main driver of innovation in it. Thus, these results highlight that to drive innovation in regional financial management, efforts need to be focused on increasing efficiency and good implementation of financial systems such as KKPD.

5 Conclusion

Based on the results of the study, it can be concluded that Efficiency and Implementation have a significant and positive influence on Financial Management Innovation, indicating that increasing efficiency in financial processes and good implementation of systems such as the Regional Government Credit Card (KKPD) play an important role in encouraging innovation in regional financial management. Meanwhile, Accountability does not show a significant influence on this innovation, indicating that although accountability is important, in this context, efficiency and good implementation have a more direct impact on innovation. Therefore, to improve regional financial innovation, the main focus should be on increasing efficiency and optimizing the implementation of the financial system.

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