



Research Paper

The Effect of Implementation of Non Cash Transactions on Good Governance (Case Study of West Sulawesi Province)

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ABSTRACT: This study aims to analyze and explain the Effect of Non-Cash Transactions on Good Governance (Case Study of West Sulawesi Province). The research approach used in this research is descriptive research. The data used in this study is primary data using a questionnaire. The type of data used in this study is the type of subject data. This research is a quantitative research, with a research design of hypothesis testing study to test the effect between variables. The number of samples in this study were 33 respondents. The results show that: non-cash transactions have a positive and significant effect on good government in West Sulawesi Province.

KEYWORDS: Non-cash transactions and Good Government.

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I. INTRODUCTION:-

State financial reform in Indonesia is marked by the existence of Laws in the field of State Finance, namely Law No. 17 of 2003 and Law no. 1 of 2004 concerning the State Treasury which mandates the importance of good financial governance where the government is accountable through financial reports because financial statements are used by the government to meet public expectations to disclose financial position and performance in providing services to the public.

In an effort to improve an efficient regional financial management system, the government issued a Circular Letter (SE) of the Minister of Home Affairs Number 910/ 1866/SJ concerning the Implementation of Non-Cash Transactions on April 17 2017, which is in accordance with the provisions of Article 283 paragraph (2) of Law Number 23 of 2014 concerning Regional Government, which mandates that regional financial management is carried out in an orderly, obedient to laws and regulations, efficient, economical, effective, transparent and responsible by paying attention to a sense of justice, propriety, and benefits for the community and in accordance with Presidential Instruction Number 10 2016 concerning Prevention and Eradication of Corruption. Non-cash transactions are transactions that do not make payments in cash but by way of book-entry or transfer between accounts from one party to another.

In the current era of information and technology development, the application of non-cash transactions in regional financial management is very necessary to facilitate the process of financial accountability of regional apparatus and also government steps to prevent the risk of financial abuse in regional governments. In addition, the non-cash transaction system is considered more practical, efficient, easy, and can even support the economy by increasing the speed of money circulation. The implementation of the non-cash system is one form of realizing transparent and accountable financial management.

Research by Utari and Saloma (2017), Astuti and Priyastiw (2018), Septiani and Kusumastuti (2019) in their research related to non-cash transactions obtained the results that the implementation of non-cash transactions was felt to increase the realization of good governance principles, especially the principles of accountability, transparency, effectiveness and efficiency. With the application of non-cash transactions in the implementation of government spending, it can reduce the level of fraud, especially corruption. As stated in agency theory, the relationship between the community and the government is like the relationship between the principal and the agent. The community is the principal and the government is the agent, the principal gives regulatory authority to the agent, and provides resources to the agent (in the form of taxes and others). As a form

of accountability for the authority given, the agent provides an accountability report to the principal (Santoso and Pambelum, 2008). This is not in line with Hendrawan et al (2019) which shows that accountability, transparency and administrative order have been successfully achieved in the implementation of cashless transactions. However, the efficiency of the use of the budget has not been achieved. However, at the level of strategy, systems and structures have been running well. good.

The phenomenon that occurs in the application of non-cash transactions in West Sulawesi Province is the problem of csm applications that sometimes maintain, for example when the treasurer processes transactions in csm and the system often loads, double transfers usually occur, then there are also obstacles from third parties, in the form of stalls or shops that do not have a BPD account, so some opd still make cash transactions.

The difference between previous research and this research lies in the object of research, which in this study focuses on the effect of non-cash transactions on the regional finances of West Sulawesi Province, and of course it is more recent, because it was studied in 2020. Related to this, this research was conducted to see how the implementation of non-cash transactions is able to make local financial governance in accordance with the principles of good governance that is accountable, transparent and based on the rule of law. Based on the background of the problem above, the researchers attempted to compile a research thesis entitled; "The Effect of Non-Cash Transactions on Good Governance (Case Study of West Sulawesi Province)."

II. LITERATURE REVIEW:-

Agency Theory

Agency theory is a concept that explains the contractual relationship between principals and agents. The principals are the parties who give mandates to other parties, namely agents to carry out all activities on behalf of the principals in their capacity as decision makers (Jensen and Smith, 1984). Basically, public sector organizations are built on the basis of agency theory, whether it is recognized or not in local governments that there are agency relationships and problems. Agency theory can be applied in public organizations. It states that modern democracies are based on a series of relationships between principals and agents.

Setiawan (2012) states that the principal agent relationship framework is a very important approach for analyzing public policy commitments. Accountability in the context of the public sector states that the notion of accountability is the obligation of the trustee (government) to provide accountability, present, report and disclose all activities and activities. This statement implies that in the management of local government there is an agency relationship (agency theory) between the community as the principal and the local government as the agent.

Good Governance.

Good governance according to the world bank in Mardiasmo (2004:23) is the way power is used in managing various social and economic resources for community development. According to UNDP (United Nations Development Program) in Sedarmayanti (2012), the meaning of good in good governance implies values that uphold the wishes of the people, are independent, efficient and effective in carrying out their duties to achieve a goal, as well as functional aspects and effective and efficient governance. efficient. Meanwhile, the OECD (Organization Foreconomic Corporation And Development) cited by Retnowulan (2014) defines good governance as seeing governance as a system in which a company or business entity is directed and supervised.

UNDP (United Nations Development Program) explains that there are three important pillars of good governance, namely: (1) economic governance; (2) political governance; (3) administrative governance. In the process of interpreting the key roles of stakeholders or what we call stakeholders. What is meant by stakeholders here are: (1) the government that plays a role in creating a conducive political and legal climate; (2) the private sector plays a role in creating jobs and income; (3) the community plays a role in encouraging social, economic, political interaction and inviting all members of the community to participate.

The United Nations Development Program (UNDP) states that there are 9 principles of good governance, namely community participation, upholding the rule of law, transparency, caring for stakeholders, consensus-oriented, equality, effectiveness and efficiency, accountability, strategic vision. According to Mardiasmo (2009: 18) from Of these nine principles, there are three interrelated pillars to realize good governance, namely transparency, accountability, and effectiveness and efficiency. According to the United Nations Development Program (UNDP) (1997), accountability is that decision makers in the government, private sector and community organizations are accountable to both the community and the institutions concerned. Meanwhile, transparency is built on the basis of the free flow of information.

Non-Cash Transactions

Non-cash payments are payments that utilize information and communication technology. Non-cash transactions can be carried out through online payment systems such as transfers via Real Time Gross Settlement (RTGS), APMK, e-money, and other electronic channels. Cash Management System (CMS) or

known as cash management (cash management) is a service facility feature provided by the banking industry which is an internet-based banking service solution for corporate customers to monitor and conduct financial transactions in real time and online which will make it easier for companies or entities public in transactions.

In 1958, Bank of America introduced credit cards (Global Insight, 2003). For the sake of business expansion, the issuers of Bank of America established a visa in 1977. The use of credit cards allows customers to get goods and services on credit, and pay them off by check or account. which is at the bank that holds the credit card issuing license (visa, mastercard, and others). This development continues with the discovery of variants of other electronic payment instruments such as debit cards, smart cards, internet banking, and others.

The development of electronic payment products, namely electronic money (e-money) has begun to be introduced to several countries, including Indonesia. The difference between electronic money (e-money) and other electronic payment instruments (credit cards, ATM cards, debit cards, etc.) is in terms of usage. Electronic money (e-money) does not require authorization and is not tied directly to the customer's bank account.

Cash payments are a common form of payment in Indonesia. Cash payments use currency, both paper and metal, as a means of payment. In Indonesia, currency still plays an important role in payments, especially for small value transactions.

In modern society like today, the use of cash payment instruments such as currency tends to be smaller than the use of demand deposits due to the emergence of inefficiency problems in the use of currency (Bank Indonesia, 2012). In line with economic developments in Indonesia, the supply of currency to meet the needs of the public in cash transactions tends to increase, as reflected in the increase in currency in circulation.

Electronic payments that are widely developed and known today include phone banking, internet banking, credit cards and debit/atm cards. All of these electronic payments, except for credit cards, are always directly linked to the accounts of bank customers who use them. Furthermore, several countries today have begun to introduce electronic payment products known as electronic money (e-money) or also known as digital money.

Every policy must be based on a legal basis. This is important, considering the position of the Indonesian state as a state of law as enshrined in Article 1 paragraph 3 of the 1945 Constitution of the Republic of Indonesia. The logical consequence of the existence of a state of law indicates that the entire policy order in the central government and regions must refer to the legal basis.

In considering the West Sulawesi Governor Regulation Number 15 of 2019 concerning the management of the treasurer account of the regional work unit in the implementation of non-cash transactions, it is stated that in the context of implementing financial administration management, so that it is orderly, transparent and accountable and runs effectively and efficiently, it is necessary to develop management guidelines. the treasurer account of the regional work unit in the implementation of non-cash transactions within the West Sulawesi provincial government.

Research Methods:

This study aims to analyze and explain the Effect of Non-Cash Transactions on Good Governance (Case Study of West Sulawesi Province). The research approach used in this research is descriptive research. The data used in this study is primary data using a questionnaire. The type of data used in this study is the type of subject data. This research is a quantitative research, with a research design of hypothesis testing study to test the effect between variables. The number of samples in this study were 33 respondents. The variables used in this study are non-cash transactions and Good Government.

III. RESULTS:-

Description of Research Results

Multiple Linear Regression Analysis Test

The method of data analysis in this study is multiple linear regression analysis (Multiple Regression Analysis). The research data was processed using the Statistical Package for Social Science (SPSS) program. In the analysis of research data using multiple linear regression, testing the validity and reliability of the data, descriptive statistics, classical assumption testing, and hypothesis testing (F test and t test). The equation of the multiple linear regression model used in testing the hypothesis in this study is as follows:

$$Y = b_0 + b_1X_1 + e$$

Information :

b_0 = Constant

X = Non-Cash Transaction

Y = Good Government

b_1 , = Regression coefficient for X

e = error term

By using the SPSS Version 25 data analysis program tool, the regression coefficient value of each variable which includes competence, organizational commitment and community participation is obtained which is included in the following model:

$$Y = 11.723 + 0,707X$$

Tabel 1

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.723	5.247		2.234	.033
	Non-Cash Transaction (X)	.707	.130	.699	5.442	.000

a. Dependent Variable: Good Government (Y)

Source: Primary data processed, 2021

The multiple linear regression equation above can be interpreted as follows:

1. The multiple linear regression formulation above obtained a constant value of 11,723. This value means that if the score includes non-cash transactions, the value is constant, then the increase in the quality of Good Governance in the West Sulawesi Provincial government has a value of 11,723.
2. The regression coefficient value of non-cash transactions (X) of 0.707 means that there is a positive influence of non-cash transactions on Good Government in the West Sulawesi Provincial government of 0.707 so that if the value or Integrity score increases by 1 point, it will be followed by an increase in the Audit Quality score of 0.707 points.

Partial test (t test)

To test the variables partially or individually the independent variable (X) against the dependent variable (Y) can be used t test. This can be seen in the results of the SPSS version 25 data processing analysis as follows:

Table 2 t test results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.723	5.247		2.234	.033
	Non-Cash Transaction (X)	.707	.130	.699	5.442	.000

a. Dependent Variable: Good Government (Y)

Source: Primary data processed, 2021

- In this study, a significant level of = 0.05 was used with degrees of freedom (n-k-1; 33 – 1 - 1 = 31). at 5% so that the T table value is 1.695
- Because tcount of 5,442 is greater than t table of 1,695, which means that the non-cash transaction variable has a positive and significant effect on Good Government in the Government of West Sulawesi Province, while of 0.000 is smaller than 0.05.

This study also found the magnitude of the influence of the independent variable on the dependent variable which can be seen from the value of the coefficient of determination (Adjusted R square) as follows:

Tabel 3 Adjusted R square

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.699 ^a	.489	.472	2.79132	1.881

a. Predictors: (Constant), Non-Cash Transaction (X)
b. Dependent Variable: Good Government (Y)

Source: Primary data processed, 2021

The value of the coefficient of determination (Adjusted R square) is 0.472 which means that the independent variable (X) which includes non-cash transactions against Good Government in the Government of West Sulawesi Province is 47.2%, while the remaining 52.8% is influenced by variables others that are not

included in this research model.

IV. DISCUSSION:

Effect of Non-Cash Transactions on Good Government

With the application of non-cash transactions in the implementation of government spending, it can reduce the level of fraud, especially corruption. As stated in agency theory, the relationship between the community and the government is like the relationship between the principal and the agent. The community is the principal and the government is the agent, the principal gives regulatory authority to the agent, and provides resources to the agent (in the form of taxes and others). As a form of accountability for the authority given, the agent provides an accountability report to the principal (Santoso and Pambelum, 2008).

To determine the effect of Integrity on Audit Quality tested through t test. The t test is done by comparing the value of t count with t table. If t count > t table or P value < 0.05, then the effect is said to be significant, and if t count < t table or P value > 0.05, it is said to have insignificant effect. The T table value is obtained by looking at df (n-k-1; 33 - 1 - 1 = 31) at 5% so that the T table value is 1,695. From the table above, it is obtained that the t count for the Integrity variable is greater than the t table, namely 5.442 > 1.695 and the significance value is less than 0.05, namely 0.000. So, the non-cash transaction variable has a positive and significant effect on Good Government, thus the hypothesis is accepted. The Beta coefficient value (standardized coefficient) of the influence of the non-cash transaction variable on Good Government is 0.699 which means that the non-cash transaction variable contributes 69.9% to the ups and downs of the Quality of Good Government in the West Sulawesi Provincial Government.

The implementation of non-cash transactions in Sulawesi Province began in 2019, marked by the issuance of West Sulawesi Governor Regulation Number 15 of 2019 concerning the Management of Treasurer Accounts of Regional Apparatus Work Units in the Implementation of Non-Cash Transactions within the West Sulawesi Provincial Government. The most fundamental changes from the existence of this regulation are the limitation of cash held by the Treasurer and the abolition of down payment for implementing activities. The maximum limit of cash that the treasurer can keep is 5 million per day. Downpayment is money that is handed over by the Treasurer to the implementer of the activity as a down payment to carry out activities in accordance with their duties and functions.

Several studies that have been conducted related to the implementation of non-cash transactions include those conducted by Lidanna Dian Kurnia (2020) who examines the analysis of the efficiency of implementing non-cash transactions in regional financial management at the regional secretariat of the metro city of Lampung Province. The results show that the application of non-cash transactions in regional financial management at the regional secretariat of Metro City, Lampung Province provides many benefits, namely transactions are very efficient and also effective. The advantage of implementing a non-cash transaction system is that the use of the flow of funds for all transactions can be traced so that they are more accountable because all transactions are supported by valid evidence; the treasurer does not have to hold cash with various risks of crime, loss and miscalculation; avoid financial abuse in regional apparatus; more efficient use of the budget and more controlled cash outflows; improve internal control of cash management and facilitate the treasurer of billing receipts. In addition, non-cash transactions tend to be more cost-effective when compared to using cash transactions with currency, aka banknotes or coins, and accelerate the implementation of book closings and financial reporting and their reliability is guaranteed.

Inhibiting Factors in the Implementation of Non-Cash Transactions in Sulawesi Province.

Non-cash transactions have many benefits, both in realizing transparency and accountability in regional financial management in easing the tasks of financial management actors in regional governments. However, in practice, non-cash transactions also still have some drawbacks. The following are the advantages and disadvantages of non-cash transactions compared to cash transactions based on the results in this study.

Table 4
Advantages and Disadvantages of the Non-Cash Transaction System

Advantages	Deficiency
- More Transparent, accountable and efficient	- Highly dependent on the availability of the telecommunications operator's signal
- Reducing the level of misuse of spending expenses	- At the sub-district level, it is often difficult to access the CMS application
- Reduce the risk of corruption	- The lack of available banks and ATM machines in collaboration with local governments
- It is safer because the treasurer does not store funds in cash	- There are additional costs, namely non-cash transaction administration fees

From the results of the study, it can be seen that there are differences between the advantages and disadvantages of implementing a non-cash transaction system. The use of a non-cash transaction system will further assist the government in running its government. The obstacles found are not fundamental problems. The adjustments that the government continues to make will help and familiarize themselves with the implementation of the non-cash transaction system.

In line with what the BKD Treasurer said, "Non-Cash Transaction constraints are usually only on wrong delivery, the rest Non-Cash Transactions are very helpful in the Transaction Process because the process is fast and safe"

Likewise, as said by the Treasurer of the BPKPD "Actually there are no significant obstacles in the implementation of Non-Cash Transactions because the SPJ process is not too long, and security is better maintained, because the Treasurer no longer holds the money"

V. CONCLUSION:

Based on the results of the research and discussion above, it can be concluded:

1. The results of the research analysis of non-cash transaction variables have an effect on improving the quality of Good Government in the West Sulawesi Provincial Government. This means that the increase in the implementation of non-cash transactions carried out by the OPD treasurer will also improve the quality of Good Government in the West Sulawesi Provincial Government.

2. There are several obstacles in the implementation of non-cash transactions, namely highly dependent on the availability of telecommunication operator signals, at the sub-district level there are often difficulties in accessing CMS applications, the lack of available banks and ATM machines in collaboration with local governments, additional costs, namely administrative fees for non-cash transactions.

VI. SUGGESTION :

The suggestions that can be given in connection with the results of this study are as follows:

1. It is necessary to make regulations or procedures regarding the application of this non-cash transaction system, so that the purpose of implementing this non-cash transaction system can be carried out optimally.

2. The West Sulawesi Provincial Government can also exercise internal control on financial management by increasing supervision and checking the completeness of files in the administrative process of disbursing funds the day before the date of disbursement of funds or transferring funds. Thus, internal control can improve financial performance in financial management.

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