

# Non-Cash Transactions in Village Financial Governance (Study on Implementation of Policy on Village Financial Management)

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**ABSTRACT:** Probolinggo Regent Regulation No. 37 of 2021 concerning the Second Amendment to Probolinggo Regent Regulation No. 101 of 2018 concerning Village Financial Management. In addition, theoretically, policy implementation is understood as the implementation of policy decisions, translating a policy decision into action where the policy decision is usually included in a law, executive order, or court decision. On the other hand, non-cash transaction policies can be implemented comprehensively and increase efficiency, effectiveness, transparency, and financial accountability. Furthermore, the non-cash transaction policy implementation is carried out in stages. However, it turns out that in the field, there are only 14 villages in Tongas Subdistrict, Probolinggo Regency, that have implemented a non-cash transaction policy based on Probolinggo Regent Regulation No. 37 of 2021. Therefore, this study aims to analyze the implementation of non-cash transaction policies in village financial management in Tongas District, Probolinggo Regency, based on Probolinggo Regent Regulation No. 37 of 2021, along with the obstacles and challenges. This research uses observation, interview and observation analysis tools. The analysis results show that most villages in Tongas District have implemented a non-cash transaction system, but it has not been applied optimally. Besides that, The inhibiting factors of implementing the non-cash transaction policy are the lack of understanding of the village treasurer on implementing the non-cash transaction policy and the inefficient transaction system. Therefore, we recommend that it is necessary to improve the quality of human resources from the government and community side, increase human resources in operating non-cash policies that have used the system, and improve infrastructure.

**KEYWORDS:** Non-Cash Transactions, Regional Government Budget, Qualitative.

## I. INTRODUCTION

The Village Fund Distribution Mechanism from the State Revenue and Expenditure Budget to the Village government has several stages. The distribution is also not made directly to the village account. The Ministry of Finance, through the State Treasury Service Office, transfers Village Funds from the State General Treasury Account to the Regional General Treasurer through a regional government account, namely the Regional General Cash Account, either by the authorized Regency or City. Then from the Regional General Treasurer, the local government, Regency and City, is channelled to a Village government account called the Village Cash Account [1].

Various policies that have been set Governments in the world have failed because of the weak implementation of policies and political support owned by governments. Theoretically, theory implementation policy has grown to three. The first is the Top-Down group, which argues that the level of government below it will directly and automatically implement every policy set by the government or directly followed by the community without any evaluation or opposition from the community and the influence of political forces [2].

Then the second group, namely group The bottom-up, suggests that the implementation process is complex and arises from the discretion of various actors in the process chain so that implementation will not be taken for granted. Bottom-up groups emphasize the local level or target groups and service providers, critical players in policy implementation [3]. Then the third group is the third generation group, combining the Top-Down theory and the Bottom-up group. The third generation group argued that the success of the implementation of something policies has many keys and must define one by one; in this case, each

policy cycle has an essential key in the successful implementation of a policy, and not only on the side of the executor or policy implementer, and political influence.

Various researchers have researched the implementation and evaluation of non-cash transaction system policies. Research conducted by [4;5] found that implementing non-cash transaction policies cannot be carried out simultaneously and together but in stages. This is because not all levels of government have the readiness of Human Resources (HR) and adequate infrastructure to implement non-cash transaction policies. Therefore, to implement the policy, the local government, in this case, the village government, is required to have the readiness of human resources and also infrastructure adequate. The results of research conducted by several researchers show that there are several weaknesses or obstacles in applying non-cash transaction policies both from the inner and outer sides. The results of the research conducted by [6;7] shows that one of the obstacles faced in implementing an on-cash transaction policy, namely from the external side, namely the banking sector and the poor quality of the internet network. In addition, the obstacles encountered in-implement a non-cash transaction policy, namely the difficulty of transactions with a non-cash system if the nominal amount of the transaction is small [8].

Apart from the various technical obstacles faced in the implementation of the non-cash transaction policy, the policy has proven to be able to improve efficiency, effectiveness, accountability and transparency in the governance of government finances [9;6;4]. So with the implementation of the non-cash transaction system, governance government finances can improve the quality of public services because it is to the principles of principle contained in Good Governance. With increased efficiency and accountability governanceGovernment finances can also improve the function of financing public services that can be carried out because of the lack of abuse and crime committed by government employees.

Based on the description above, it can be concluded that the determination of the public policy carried out by the Probolinggo Regency government is in the form of a non-cash payment system policy on the management of public funds finance the Village has not been fully implemented due to the lack of ready human resources and infrastructure owned by the village government in Probolinggo Regency, on the other hand, the policy issued by the government aims to improve the quality of the village government in serving the

community. Therefore, it is necessary to conduct an in-depth study on implementing non-cash transaction policies in village financial management in Probolinggo Regency based on Probolinggo Regent Regulation No. 37 of 2021.

The purpose of this study is: To analyzethe implementation of non-cash transaction policies in-governance village finance inSubdistrictTongasProbolinggo Regency based on the Regent's Regulation, to analyzethe inhibiting and supporting factors for the implementation of non-cash transaction policies in-governance village finance inSubdistrictTongas of Probolinggo Regency based on Probolinggo Regent Regulation No. 37 of 2021.

## II. LITERATURE REVIEW

Non-Cash is a payment system without using physical money (paper or metal), which was introduced to the public in the 1990s. In Indonesia, non-cash payment systems are not designed as a substitute for cash payment systems but complement each other. The constraints attached to cash also encourage non-cash transaction tool innovations. Among them: is the cost of producing money that is not cheap and physical money that is quickly damaged. Moreover, denominations have various nominal sizes. Another drawback is the opportunity to counterfeit cash and scam people with counterfeit money.

There are five reasons why cashless transactions are necessary for today's modern era. First, increase transparency because modern information technology systems can monitor non-cash transactions anytime and anywhere. Second, improve security. There is no risk security for cash storage and can minimize the occurrence of moral hazards. Third, improve financial literacy through government policies to achieve financial inclusion. Fourth, increase speed because non-cash transactions can be done anywhere and anytime, not limited to space and time. Fifth, increase accountability. Every non-cash transaction will automatically be recorded in the system to produce more accountable information.

## III. METHODOLOGY

### Research sites

Locations used as the object of this research are 14 villages in Tongas Subdistrict, Probolinggo Regency, which have implemented a Non-Cash transaction system by the Probolinggo Regent Regulation 2021. The reason for choosing the Village government in Tongas Subdistrict, Probolinggo Regency, as the object and Research location, namely the Village Government in

Tongas District, Probolinggo Regency is the first region to implement the Probolinggo Regent's Regulation.

#### Data analysis technique

Data analysis in this research is the process of systematically searching, compiling and analyzing data obtained from interviews so that it is easy to understand and, of course, can be informed to others, in this study used qualitative interactive analysis techniques.

### IV. RESULTS

Implementing the non-cash transaction policy has several encouraging and inhibiting factors. The driving factors for the village government are training and socialization from the government and direct access to financial institutions. The readiness of the village government to implement non-cash transaction policies is also encouraged by support from the central government and local governments in the form of socialization and government collaboration with financial institutions. In addition, the readiness of Human Resources (HR) is also a driving factor that has a significant role. This is by the results of interviews with the Head of the District as follows: "Local governments and ministries usually provide training and socialization on the management of non-cash transactions."

In addition to understanding the village government and access to cooperation with financial institutions, the readiness of human resources as actors in implementing non-cash transaction policies also has a vital role in the realization of the implementation of non-cash transaction policies. This is because if HR is the perpetrator of the implementation policy, non-cash transactions have no readiness, and the policy cannot be realized and even cannot run according to what is expected by the ministry of finance. This is by the results of interviews with the Village Head as follows: "We are grateful that all those on duty could adapt quickly. The public can also understand the change in services from manual to digital."

Meanwhile, the inhibiting factors to implementing non-cash transaction policies are the lack of understanding of the village treasurer on the concept of implementing non-cash transaction policies and the inefficient transaction system. The village government in Tongas District faced obstacles while implementing the non-cash transaction policy were the lack of understanding of the village treasurer as the leading actor in implementing non-cash transactions. In addition,

changes to the payment system that had never been seen before also made the village treasurer doubtful in carrying out transactions. On the other hand, changes in the payment system also have little impact on the budget set by the government village. This is the opinion expressed by the Village Treasurer. "There are several issues that sometimes make treasurers hesitant to use non-cash transactions because online management will be more complicated. Yes, it is nothing but because they benefited from a testing system that was still manual in the past."

Based on the conditions of implementing the non-cash transaction policy run in Tongas District, government Sub-district and the Village Government hopes that implementing the non-cash transaction policy can be carried out optimally and effectively. In addition, the District and Village governments also hope for further cooperation with other financial institutions to implement non-cash transaction policies. This is the opinion expressed by the Village Head. "What are the constraints on TNT... it can be said from a budget perspective because there is a need for adjustments to the preparation of the budget, especially since all the preparations require new items."

The application of non-cash transactions in regional financial management in Probolinggo Regency provides many benefits for transactions to be very efficient and 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; avoiding financial abuse in regional apparatuses; more efficient use of the budget and more controlled cash outflows; improve the internal control of cash management, and make it easier for the treasurer to receive billing. Non-cash transactions tend to be more cost-effective when compared to using cash transactions with currency, aka banknotes and coins. Accelerate the implementation of closing books and financial reporting and guarantee reliability.

### V. DISCUSSION

The enactment of Probolinggo Regent Regulation No. 37 of 2021 concerning the Second Amendment to Probolinggo Regent's Regulation No. 101 of 2018 concerning Village Finance management was only enacted in Probolinggo on May 17, 2021, providing a new village fund management system. The policy made through this regulation is a non-cash transaction policy. The

area that has implemented or applied the non-cash transaction policy is the Tongas District, Probolinggo Regency. The District Head has instructed 14 village heads in the Tongas District to implement the policy earlier than villages in other sub-districts [10]. However, the implications of this policy are not necessarily carried out by all sub-districts.

In implementing the non-cash transaction policy, several driving and inhibiting factors exist in realizing it. The driving factors for the village government are training and socialization from the government and direct access to financial institutions. The Government Internal Control System Implementation Task Force gives the socialization at the Village Government concerned or the Government Internal Control System Implementation Guidance Task Force. The method used depends on the needs of the unit, including: Training in Own Office and Q&A. This method requires less interaction and is used when participants' understanding of Government Internal Control System is still relatively low; Panel discussion or seminar. This method is used when the participants' understanding is relatively high because it requires higher interaction.

The work unit may include participants in the Government Internal Control System Implementation Guidance Task Force training or organize separate training. Regarding the implementation of separate training, the work unit must cooperate with the Finance and Development Supervisory Board Training Center and the Government Internal Control System Implementation Guidance Task Force. Meanwhile, the inhibiting factors to implementing non-cash transaction policies are the lack of understanding of the village treasurer on the concept of implementing non-cash transaction policies and the inefficient transaction system. Competence of human resources (HR) is a determining factor for an organization or government institution. Therefore, human resource competence is an aspect that determines the success of an organization or government institution. The competence of village officials is essential in managing village funds which will later affect village development. Factors that hinder village financial management are the limited ability of village government officials and weak management performance [11] conclude that human resource competence affects regional financial accountability. This is in line with [12] which states that competence positively affects village fund accountability.

On the other hand, on system inefficient transactions are expected, and every existing

infrastructure must be maintained and developed sustainably to continue providing optimal benefits to achieving organizational goals. This stage utilizes the monitoring process results for the implementation of Government Internal Control System. Monitoring activities are carried out by each leadership level in the work unit so that any deviations can be immediately identified for corrective action. Monitoring is carried out through continuous monitoring, separate evaluation, and follow-up to audit results. This activity produces a report on the results of monitoring or evaluation. Monitoring can also be done through self-assessment. Self-assessment is a means to actively involve management and all employees in evaluating and measuring the effectiveness of the internal control system. Suggestions generated during monitoring can be in the form of: The need for system improvement, related officials, must perfect and disseminate system improvements to all employees to facilitate the internalization stage; Regarding implementing inadequate infrastructure due to low competence, relevant officials must immediately take action to increase employee competence.

## VI. CONCLUSION

Based on the analysis results in the discussion implementation Probolinggo Regent Regulation concerning the second amendment to Probolinggo Regent Regulation No. 101 of 2018 concerning village financial management. The analysis results found in this study are the implementation of non-cash transaction policies in village financial management in Tongas District, Probolinggo Regency. Based on the Regent's Regulation, indicators of the non-cash transaction mechanism can be concluded that every village income and expenditure worth more than Rp 250,000 must be made non-cash through the bank or post office, and if below Rp 250,000 must be made in cash. Every proof of transaction must be kept and recorded by the head of finance. The village financial management mechanism must be by the Village Internal Control System.

Then from the coordination indicators, it can be concluded that the coordination between the Village and the Regency in the implementation of non-cash transactions must be supported by the competence of HR in village financial management. Revenue indicators can be concluded that village revenues obtained from any reception posts with a value above 250,000 must be transacted non-cash. The allocation indicator can be concluded that every expenditure made by the



village government, both cash and non-cash, must be based on financial accountability.

There are inhibiting and supporting factors faced in implementing the non-cash transaction policy in village financial management in Tongas District, Probolinggo Regency based on the Regent's Regulation in the process of implementing the non-cash transaction policy several driving and inhibiting factors in realizing it. The driving factors for the village government are training and socialization from the government and direct access to financial institutions. Meanwhile, the inhibiting factors for implementing non-cash transaction policies are the lack of understanding of the village treasurer on the concept of implementing non-cash transaction policies and the inefficient transaction system.

Suggestions that can be given based on the results of the study are the implementation of non-cash policies in regional financial management; it is necessary to improve the quality of human resources from the government and community side. Increasing human resources in the government apparatus aims at operating non-cash policies that have used the system. On the other hand, the quality of community human resources provides insight related to the non-cash work system. Improving the quality of human resources can be in the form of training and socialization. The subsequent weakness of the Probolinggo district is infrastructure. Infrastructure is an important factor supporting the smooth running of non-cash policies. Inadequate infrastructure will have fatal consequences. Thus, the Probolinggo Regency government must provide a budget for infrastructure development.

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