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NON-CASH TRANSACTION IMPLEMENTATION IN LOCAL GOVERNMENT

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ABSTRACT

This research is aimed to analyze the implementation of Non-Cash Transactions (NCT) in Local Government A and Local Government B by using four dimensions of public policy implementation model, namely communication, resources, disposition, and bureaucracy structure. Moreover, this research also identifies the factors which cause the low implementation of NCT in Local Government A when compared to Local Government B. This research uses the qualitative approach with multiple case studies. Researchers hope to see the comparison of NCT implementation in two different local governments to get more comprehensive picture of the effectiveness of NCT implementation in those local governments. Data collection was carried out through in-depth interviews using a semi-structured interview type and reviews on documents related to the implementation of NCT. The research data were analyzed using a thematic analysis and cross case analysis. The result of this study shows that the implementation of NCT in Local Government A was worse when compared to Local Government B. The factors that led to the low implementation of NCT in Local Government A were the lack NCT socialization to the community, limited facilities and infrastructure, weak commitment of the leader, and the absence of reward and punishment mechanisms.

KEYWORDS: Local Government; Non-Cash Transactions; Public Policy Implementation Model.

INTRODUCTION

This study started from the Circular Letter of Minister of Home Affairs No. 910/1866/SJ and No. 910/1867/SJ of 2017 concerning the Implementation of Non-Cash Transactions (NCT) which instruct all local governments to implement NCT to every local financial transaction, both revenue and expenditure transactions. The issuance of the Circular Letter was an effort to minimize fraud in local treasury management. Cash is the most liquid government asset because it is the easiest and fastest to be converted into other assets as needed. Therefore, cash becomes very vulnerable to being misused and can cause state losses if not properly managed (Ramadhan, 2018).

NCT implemented through a transfer process between accounts from one party to another without using cash. With the non-cash payment method, the transaction process can be carried out quickly and it is easy to trace so that the local government financial accountability process would be easier (Gerungai et al., 2018). Not only that, the NCT also able to prevent the risk of corruption and budget leakage which in turn is expected to increase the effectiveness of services to the public (Gerungai et al., 2018).

Until now, the implementation of NCT in Indonesia continues to develop. Local Government A is one of the regions which began to implement the NCT mechanism on January 1, 2018. However, based on the phenomena encountered, the data shows that the implementation level of NCT in Local Government A expenditure transactions is suspected to be relatively low. This is evidenced by the results of preliminary observations on the Budget Realization Report or *Laporan Realisasi Anggaran (LRA)* for Revenue and Expenditure in non-cash area of Local Government A until the date of June 30, 2019 as presented in the table 1.

Based on these data it can be seen that the non-cash transaction mechanism in Local Government A has not been fully implemented in all local expenditure transactions. It means that the use of cash in local expenditure transactions in Local Government A is still more dominant than the implementation of non-cash transaction. This condition can increase the occurrence of various risks such as financial abuse, difficulty on tracking the transaction history, leakage of budget use, loss of money, miscalculations, and so forth (Gerungai et al., 2018).

One of the cases that happened to Local Government A was the theft of cash that occurred at one of treasurers of an office after making a cash withdrawal at the bank. For this incident, the treasurer was subject to sanctions by paying back the money as much as of Rp36 million. This information was obtained through a pre-research interview with the Head of Treasury of Regional Financial Agency of Local Government A on September 2, 2019.

Description	Budget 2019	Realization until The Date of June 2019	%
Expenses	1.382.291.273.959,00	478.573.730.693,68	35%
Operating Expenses	1.090.708.137.051,00	451.581.080.207,14	41%
Capital Expenditure	288.083.136.908,00	26.551.740.486,54	9%
Unexpected Expenses	3.500.000.000,00	440.910.000,00	13%

Table 1.
Budget Realization Report in Non-Cash Area of Local Government A until The Date of June 30, 2019

"The theft incident is ever happened. The last misfortune was happened from the bank, it's happen after the treasurer withdrew the bills of fellow civil servants to be paid to the coop." (P2-20)

"The nominal that must be paid was quite big, Rp36 million. Therefore we gave warning and reminder to be more careful." (P2-22)

Reflecting on previous studies, it is said that the effectiveness of implementation of non-cash transaction can help a local government in realizing good governance and can support the implementation of internal control in local financial management. This research has been carried out by Astuti and Gerungai et al., in 2018. The low implementation of non-cash transaction in Local Government A can certainly hinder the process of manifesting good governance and can also increase the occurrence of various control risks. Thus, the implementation of non-cash transaction at Agam Regency needs to be maximized because it can improve internal control in local financial management. Adequate internal control is expected to be able to improve local financial performance. So that, the goal of local governments to realize good corporate governance can be implemented.

As a comparison, this research was also carried out on Local Government B. Local Government B is one of the local governments that has implemented a full non-cash mechanism in all local expenditure transactions since October 2017. With this achievement, Local Government B also often receives comparative study visits from other local governments. Based on these conditions, it is necessary to conduct research on the implementation of NCT in Local Government A and Local Government B. So, the causes of the low implementation of NCT in Local Government A when compared to Local Government B can be known. The implementation of NCT in Local Government B is expected to be a benchmark for Local Government A in realizing efficient financial management and free from corruption.

Previous research related to the implementation of NCT was conducted by Ayoola (2013). According to the results of the study, NCT could reduce small corruption that existed in the Nigerian Government. In Indonesia, research on NCT has been conducted several times, although in very limited quantities, among others are Astuti (2018) who conducted research on the Local Government of Yogyakarta City and Gerungai et al. (2018) who examined the application of NCT in the Local Government of Bitung City. In addition to analyze the implementation of NCT, other researchers also discovered factors or obstacles that could be the cause of the unoptimal implementation of NCT. However, in general the previous research was a single case study involving one local government only.

This current research broaden the scope context by involving two Regional Financial Management Working Units in two local governments, namely Local Government A which is still implementing NCT gradually and Local Government B which has implemented NCT in full terms. The development of research methods in this qualitative research lies in the concept of cross-case analysis method used in analyzing the factors that cause the low implementation of NCT in local government A. With the multiple case study approach and cross case analysis method, researchers hope to see a comparison of the application of NCT in two different local governments to get more comprehensive picture of NCT implementation effectiveness in these local governments. This research is also expected to fulfill the limitations of the literature related to the implementation of NCT in the early stages of its implementation in Indonesia.

Edward (1980) in the public policy implementation model he developed state that there are four elements that could shape the success or failure of public policy implementation, which are communication, resources, disposition, and bureaucratic structure.

a. Communication

Information related to public policy needs to be conveyed to policy implementers so that they can understand everything that must be prepared and carried out so that the goals or objectives of the policy are successfully achieved. There are three dimensions in communication that must be fulfilled namely transmission, clarity, and consistency.

Transmission dimension is needed in the aspect of communication so that public policies can be conveyed to policy implementers, policy target groups, and other parties that have direct and indirect interests. The clarity dimension required the intentions, goals, objectives, and substance of public policy to be clearly stated so that each party involved understand what must be prepared and carried out to support the successful implementation of the policy. In addition to these two dimensions, the dimension of consistency in communication is also needed so that information can be understood easily and not caused confusion to policy implementers.

b. Resources

Resource factors take a fundamental part in public policy implementation. There are four types of resources needed in the implementation of public policies, namely human resources, information, authority, and facilities. According to Edward (1980), human resources are the most fundamental aspect of policy implementation. Many policies fail because they are inadequate and incompetent.

Information in policy implementation consists of two forms or criteria, namely information related to how to implement the policy and information related to obedience of implementers with the applicable regulations. Another resource that is no less important in policy implementation is authority. The policy implementers must obtain adequate authority to make decisions and implement the policies for which they are responsible. Furthermore, supporting facilities such as facilities and infrastructure are also needed because they could make policy implementation easier.

c. Disposition

Disposition or attitude is will, desire, and tendency of policy implementers to implement policy seriously so that policy objectives could be achieved (Edward, 1980). Implementing a policy is not only enough by knowing the things well that must be carried out and having capability in its implementation, but also must have the will to implement the policy without coercion. Therefore, in the process of recruiting personnel for policy implementation, people who have high dedication must be chosen. Another thing that could be carried out to achieve success in the implementation of public policies is to provide incentives to policy implementers. By providing incentives, policy implementers are expected to be motivated to implement policies well.

d. Bureaucratic Structure

Bureaucracy is an indispensable element in the implementation of public policies. Thus, the bureaucracy must be able to support policies that have been decided politically through good coordination from various parties. There are two main aspects of

bureaucracy needed in the implementation of public policies, namely Standard Operating Procedures (SOP) and fragmentation (Edward, 1980).

SOP that formed in policy implementation must clearly regulate the mechanisms, systems, and procedures for implementing policies; division of main tasks, functions, and authorities; and the responsibilities of policy implementation. Meanwhile, fragmentation is carried out by distributing the whole policy implementation responsibilities to the implementers so there will be no overlapping, therefore policy implementation can run more effectively.

This study is aimed to obtain an overview of the implementation of NCT and to analyze the implementation of NCT in Local Government A and Local Government B based on aspects of communication, resources, disposition, and bureaucratic structure involved in the public policy implementation model developed by Edward (1980). This study is also aimed to identify various factors that cause the low implementation of NCT in Local Government A compared to Local Government B. The results of this study are expected to contribute in the form of proposed improvements in the implementation of NCT in Local governments in Indonesia based on aspects of communication, resources, disposition, and bureaucratic structure.

METHOD

Research Objects Overview

The object of this research is the implementation of NCT of expenditure transactions in Local Government A and Local Government B located in West Sumatera. Local Government A is one of districts with an area of 2,232 km² and population of 476,881 people. Meanwhile, Local Government B is a small city with an area of 23 km² and population of 104,499 people.

The research analysis unit is The Regional Finance Agency of Local Government A and The Regional Finance Agency of Local Government B. Some considerations that make the offices as research objects, among others, because those offices performs two functions, namely as the Regional General Treasurer and as the Working Unit of Local Government. As the Regional Treasurer, Regional Finance Agency become the coordinator in NCT implementation framework.

Research Design

This study uses a qualitative research design with a multiple case study approach. A qualitative approach is used because this approach can provide deep understanding related to the topic being studied from the perspective of participants and in the context of the environment in which the participant is located (Hennink, M., Hutter & Bailey, 2011). Meanwhile, the multiple case study is chosen as a research approach because it allows researchers to develop in-depth analyzes of a case, program, activity, or process that occurs in two or more research objects (Creswell, 2014). The use of multiple case studies in this research is based on the necessity of more in-depth information related to the phenomenon being studied. This is in line with the view expressed by Yin (2015) that the results of multiple case study studies are often seen as more interesting and in-depth.

Data Collection Technique

Data collection techniques were carried out by obtaining and analyzing documents related to the implementation of NCT by Local Government A and Local Government B.

Documents used were in the form of instructions and mayor regulations, systems and procedures for implementing NCT, invitations to socialize non-cash movements, Local Government Budget and Realization Reports of Local Government A and Local Government B, the evaluation report of non-cash implementation progress, non-cash transaction obstacles identification report, non-cash transaction implementation matrix, employee data, and newspaper news related to the implementation of NCT in Local Government A and Local Government B. This research also uses in-depth interview techniques with the type of interview semi-structured. The main questions asked at the interview are in the table 2.

The selection of interview participants were used purposive sampling approach, in which researchers choose participants with certain characteristics consideration or based on experiences, attitudes, or perceptions by the conceptual and theoretical categories built during the interview process (Cooper & Schindler, 2014).

Public Policy Implementation Dimension Model	Primary Questions
1. Communication	<ul style="list-style-type: none"> a. How is the socialization process regarding NCT's policy socialization? b. How is the consistency in socialization implementation? c. What do you think about the clarity of each information provided?
2. Resources	<ul style="list-style-type: none"> a. What are the regulatory instruments that underlie NCT's implementation? b. How is the availability of human resources in implementing NCT's policies? c. What about the availability of infrastructure and facilities to support the implementation of NCT? d. Are there any obstacles related to human resources and facilities in implementing NCT's policies? e. What authority do you have in implementing NCT?
3. Disposition (attitude)	<ul style="list-style-type: none"> a. How is the leader's commitment to implementing NCT's policy? b. How are the implementer's response and attitude in implementing NCT's policies? c. Are there any rewards and punishments to support the implementation of NCT?
4. Bureaucracy Structure	<ul style="list-style-type: none"> a. How is the coordination between leaders and implementers in NCT Implementation? b. According to you, how is the availability of SOP in implementing NCT?

Table 2.
Interview
Protocols

The number of interview participants was eight persons consisting of four participants in the Regional Financial Agency of Local Government A and four participants in the Regional Financial Agency of Local Government B. The participants were policymakers and technical implementers in the implementation of non-cash transactions. Details of the resource persons along with the duration and time of the interview are as follows.

No	Participant Code	Research Object	Position	Interview Date	Duration
1	P1	Local Government A	Head of Regional Financial Agency Local Government A	Nov 12, 2019	46:40'
2	P2	Local Government A	Head of Treasury Division	Nov 12, 2019	28:48'
3	P3	Local Government A	Head of Finance Subdivision	Nov 14, 2019	17:35'
4	P4	Local Government A	Treasurer of Expenditures	Nov 13, 2019	15:34'
5	P5	Local Government B	Tasks Executor of Head of Regional Financial Agency Local Government B	Nov 22, 2019	46:40'
6	P6	Local Government B	Head of Treasury Division	Nov 26, 2019	35:22'
7	P7	Local Government B	Head of Finance Subdivision	Nov 22, 2019	29:12'
8	P8	Local Government B	Treasurer of Expenditures	Nov 21, 2019	1:22:19'

Table 3.
Details of Interviewees, Date of Interview, and Duration

Data Analysis Technique

Considering this research uses two research object locations so that this research uses a multiple case study as a study approach. Therefore, the analysis technique was carried out in the following two stages.

a. Analysis of Individual Case Data

Analysis of individual case data was carried out with six important stages as stated by Creswell (2016). The stage begins with processing and preparing data. At this stage researchers transcribe the interview into the form of documents. Then, the interview transcript is read as a whole, and researchers do the coding by processing the material/information into writing segments before being interpreted (Rossman, G.B., and Rallis, 1998). Giving codes or special terms can come from participant words (code in vivo) or new words that are relevant to participant words.

The next step after coding process is describing the theme analyzed from the coding results. Each theme is presented in the narrative with the chronology of events, certain themes (supplemented with sub-themes, illustrations, perspectives, and quotes).

The last stage is to interpret and decode data by comparing the results of research with information obtained from literature or theory.

b. Cross-Case Data Analysis

The specific analysis technique used in this research is a cross-case analysis using the case comparison method. In this method, each case is explained separately and then compared between cases (Yin, 1981). A comparison between cases is carried out to find characteristics similarities and/or differences from each case. The next step is to synthesize the findings of every single case so that the conclusions can be drawn.

Data Testing Techniques

This study uses triangulation and member checking in qualitative validity testing. Triangulation is carried out by checking the data obtained from interviews with various sources then compared with the results of documentation. Meanwhile, member checking is carried out by bringing back the findings or final report to the participants to check the accuracy of the findings or final report (Creswell, 2016).

The technique used to ensure qualitative reliability is to check transcripts to make sure there was no error during the transcription process. The researcher also documented each research process into a file or order to ensure there is no unclear definition and code meaning during the coding process (Creswell, 2014).

RESULTS AND DISCUSSION

The Overview of NCT Implementation in Local Government A and Local Government B

General description of NCT implementation in both research object obtained from the results of interviews and registration can be seen in the following table.

No	Local Government	NCT Realization	Apply to Overall Expenditure		Initial NCT Implementation	Regulation	NCT Procedure
			Yes	No			
1	Local Government A	35%		✓	2018	- Regent Instruction of Local Government A No. 40 of 2017 - Regent Instruction of Local Government A No. 25 of 2019	Nagari Cash Management (NCM) <i>single user</i>
2	Local Government B	100%	✓		2015	Head of Local Government B Regulations No. 29 of 2017	NCM <i>multi user</i>

Table 4. The NCT Implementation Overview in Local Government A and Local Government B As of November 2019

The procedure of NCT with the Nagari Cash Management (NCM) application in Local Government A is slightly different from the Local Government B. In this case, the use of the NCM application consists of two methods, namely the single user method and the multi-user method. A single user is a payment method that makes the treasurer as transaction maker (operator) and also as a validator of the transaction (approval). Meanwhile, in the multi-user method, there are authorities from two different parties, namely the treasurer as the operator and the Budget User (BU) / Budget User Authority (BUA) who do the approval.

Local Government A uses a single user method in using the NCM application. It marked by verification code sent from the bank that only involves the treasurer's authority without going through the BU/BUA as stated by the following statements.

"...there are single users. This single user is entrusted to the treasurer only. **We use the single user one.**" (P2-36)

"Actually **multi-user is preferable** because it is for control. But some working unit even consider multi-user as an additional job for their office head or subdivision head, so we just give it to the treasurer using a single user." (P2-36)

Unlike the Local Government A, Local Government B choose a multi-user method in the use of the NCM application which involves BU/BUA to perform control functions over transactions by sending One-Time Password (OTP) codes to the each BU/BUA mobile phones. This was explained through the following statement.

"Now, with NCM, this approval is diverted to the approval system. In the beginning, transaction input at the NCM is done by the treasurer. Then we as **BU/BUA receive OTP code**. After BU/BUA send the code to the treasurer, the treasurer then able to proceed the transaction. **It means an approval from the BU/BUA for transactions** that will be done by the treasurer." (P5-46)

Although each Local Government free to choose the method used, the use of multi-user methods in NCM applications should be taken into consideration because it has advantages in control function. Thus, the input errors or fraud in the transaction process can be minimized because it involves leaders who have the authority as transaction validator. The implementation of multi-user methods can support the accomplishment of multiple internal controls in the implementation of NCT. As a result, the occurrence of various risks of errors can be detected earlier and preventive measures to overcome these risks can be done.

Analysis of NCT Implementation in Local Government A

The analysis results of each dimension of public policy implementation model in Local Government A are described as follows.

a. Communication

Information delivery through communication is important in public policy implementation. Therefore, researchers asked questions to participants related to their understanding of the importance of communication that consists of transmission, consistency, and clarity. Information transmission from policymakers could be said to be done well. It was supported by the following statement.

"...**It was disseminated by Bank Nagari** about using NCM for NCT. Then we have the treasury section, **the treasury will disseminate it to the treasurers** of working units later..." (P3-28)

"...We also **disseminate the outsiders about NCT** because they are our partners." (P2-12)

According to Nawawi (2009), there are many ways to disseminate policies by publishing a signing ceremony of public policy documents, news in mass media, seminars, and other media such as booklets, leaflets, and so on. Even though the NCT implementation dissemination had been conducted for implementers of Local Government A, but there is still a lack of consideration of dissemination to public. It is because many people still choose cash transactions since they have no bank account.

"For example, like meals and beverages in the meeting. There still many restaurants that are **not ready with non-cash instruments**." (P2-12)

"Then the problem is sometimes our people are in the middle to lower class.

They don't have a bank account, so they prefer cash." (P2-12)

Information consistency communicated by Local Government A could be conclude to be adequate. Based on document content analysis, there is consistency between Regent Instruction and NCT policy implementation matrix documents, in other words, it is complementary and interrelated. According to the theory of public policy implementation by Edward in Agustino (2016), the order given in the implementation of communication must be consistent and clear. Orders that are often changed will confuse implementers in the field. This has been consistent with the implementation in the Local Government A. But, the consistency of communication to public is considered not in accordance with the instructions for implementers in working units. The Regent instructed that working units should suggest public as a third party to open the same bank account as the Regional General Cash Account. However, the regulation becomes difficult to be implemented in the field because the people do not yet have a bank account.

"...the problem is sometimes the people are in the middle to lower class. **They are not ready with a bank account...**" (P2-12)

In terms of communication clarity, most informants stated that the information delivered in the dissemination is well explained with objectives, scopes, as well as objectives in the NCT policy. This was stated by several informants.

"E... during the dissemination, **it was also very clear**." (P4-16)

"Yes, it's **quite easy to understand** in the socialization. If there were difficulties or confusion there is also a discussion session." (P3-28)

b. Resources

In addition to the communication dimension, policy implementation must also be supported by resources, such as information resources, human resources, facility resources, and authority. Based on the interviews result with informants, the implementation of the NCT policy principle is similar to the old system and procedure when still using cash. The difference only in the payment instruments that currently use the NCM application. However, Regional Finance Agency of Local Government A hopes that information related to the system and procedures for NCT implementation is regulated separately in technical guidelines or regulations that are more updated, detailed, and have legal force.

"We expect there is a technical guidelines. To be clear, what exactly is like and then the treatment for certain things is like what. Because if there are no technical guidelines, we will eventually be confused..." (P2-48)

Furthermore, criteria of information resource related to implementer compliance with the policy implementation can be seen from the existence of evaluation. Based on the NCT implementation matrix document it is known that Local Government A conducted a sharing and evaluation process in the implementation of NCT. It was supported by the following statement.

"Yes, we conducted regular evaluations. E ... for 2019 it was seen from their reconciliation. Now the implementation of 2018 will be evaluated in 2019." (P2-44)

The availability of human resources in Local Government A in terms of quantity and quality can be concluded to be sufficient. This is based on information obtained from employee data documentation. In terms of quality, as many as 28 people out of 58 total employees are bachelor graduates who understand the use of technology. This makes it easier for NCT implementers to understand the principle, tasks, and functions that they carry out.

In addition to human resources, the availability of sufficient facility resources such as internet networks, NCM applications, and Automated Teller Machine (ATM) machines is important in NCT implementations. However, Local Government A has several constraints related to infrastructure availability as explained through the following statements.

"There have been several occurrences like **slow connection** or **problems on NCM applications**, maybe it was under maintenance." (P2-36)

"...there's **no ATM in remote areas**." (P2-36)

The difference in bank accounts owned between third parties and working unit treasurers is also one of the problems faced by Local Government A in implementing NCT. Furthermore, NCT implementers in Regional Finance Agency of Local Government A already have their respective authority in implementing NCT. In general, the authority granted to each policy implementer must be formal in the form of a Decree of Regent so that the order can be implemented.

c. Disposition

Disposition is an attitude held by policy implementors, such as commitment, willingness, wish, tendency of policy implementers to conduct policy seriously (Edward, 1980). Although there were pros and cons at the beginning, finally the implementation of NCT could be carried out with commitment and support from the decision-makers to the policy implementers. This can be seen from the positive response of the implementers when interviewed.

"**Very supportive** because it is very helpful." (P4-32)

"I fully support. We can get **many benefits** from this non-cash implementation." (P3-24)

However, this commitment is not accompanied by the availability of regulations or SOPs that are binding and have legal force. This is because the regulations regarding NCT policy in Local Government A are still in the form of regent instructions that are not binding and have weak legal force.

Edward in Nawawi (2009) states that one way to motivate the implementers to implement the policy is to provide reward and punishment. Based on the results of the interview it can be concluded that Regional Finance Agency of Local

Government A does not conduct a reward and punishment mechanism in implementing NCT policies. It was stated by several informants.

"There is no reward and punishment. E ... but for the most part, for working units, the non-cash transactions are very favourable." (P1-6)

"...Either if there is any deviation, which has already directed with reagent instruction but still done by cash, we usually **give them a warning.**" (P2-42)

d. Bureaucratic Structure

According to Edward in Winarno (2012), there are two main characteristics of bureaucracy namely Standard Operating Procedure (SOP) and fragmentation. Based on the results of documentation and interviews conducted, it can be concluded that so far Local Government A has been carrying out NCT policies based on the Regent Instruction. The Regent Instruction is a policy instrument that complements the Minister of Home Affairs Instruction and Circular Letter related to NCT policy. This is because the instructions compiled by local government officials are also adjusted to the conditions and abilities of the region. In the Regent Instruction there is no SOP or detailed mechanism that arranges NCT policy because it is still in the form of instructions that do not have legal force. SOP documents must have legal force because they are a guideline for every implementer to conduct their duties.

"We don't have SOP yet. We (work) based on Regent Instruction. Even not all mechanisms we set." (P2-22)

"There must be an SOP. Because **legal power of Regent Instruction is still low.**" (P2-26)

Fragmentation is the distribution of responsibility to every party involved in policy in the form of implementing coordination. The coordination carried out by Regional Finance Agency of Local Government A to various parties involved in the implementation of a non-cash mechanism can be said to be quite good. Coordination is carried out in stages starting from decision-makers to the level of policy implementers. This is explained through the following statements.

"The parties involved are definitely the working units, then the bank must be fully prepared in carrying out non-cash transactions." (P2-10)

"E ... to **coordinate to the working units**, we indeed circulate it entirely to the working units by disseminate and also sharing if there are any obstacles." (P2-22)

Analysis of NCT Implementation in Local Government B

Results of analysis of the public policy implementation model implemented in Local Government B will be described in the following paragraphs.

a. Communication

The implementation of communication transmission in Local Government B has implemented well because all informants/policy implementers have received information dissemination. In terms of dissemination to public, Local Government B has no significant difficulties due to the contours of urban people that are willing to accept change. This was explained by the following informant.

"I think the one-year process for **dissemination to internal parties** is enough. More than enough ... Then it continue to external parties, to the public." (P5-42)

"Our people are urban people. And the city is also small. The contours of **the people are willing to accept change.**" (P8-52)

Based on document content analysis it was concluded that there is consistency of information on the implementation of NCT to Local Government B. This can be seen in the suitability of Regional Head Regulations of Local Government B that refer to other regulations such as Minister of Home Affairs Circular Letters and president instructions. In addition to having consistent regulations, Local Government B also has suitability between the dissemination of information to the public and regulations, as explained in the following statement.

"It says here, the payment recipient should have a bank account. Well, **that was one of the regulation**. If you don't have an account, you may not shop." (Q8-36)

Furthermore, the results of the interview show that Regional Finance Agency of Local Government B has disseminate information clearly and easily understood by the people. Policy implementers also do not need much time to understand the purpose, goals, objectives, and scope of the NCT policy.

"Now this **NCM is disseminated to the treasurers**. It might **take a month for the treasurer to be able to use it well**, so they don't keep money anymore." (P5-24)

b. Resource

The resources needed in implementing a policy consist of information resources, human resources, and facility resources. Based on the results of interviews and content analysis, the information resources in the Local Government B have been supported by the policy instruments in the form of the Regional Head Regulation of Local Government B in 2017. With the regulation, the system and procedures for implementing NCT are regulated separately in a more detailed and legally enforceable regulation. In addition to policy instruments, Regional Finance Agency of Local Government B also aware of information related to organizational or individual compliance with regulations. This condition happen because Regional Finance Agency of Local Government B has conducted an evaluation related to the NCT policy implementation process that they have carried out. This is explained further through the following statement.

"**It occurred several times**. So, **the evaluation model is like this**, after three months passed, all treasurers and leaders will be gathered. Then asked what was the obstacles are. Then find the solutions." (P8-42)

The most important resource in the implementation of public policy is human resources. In general, the number of personnel involved in implementing NCT can be said to be sufficient with a total of four people so that all positions have been filled. Financial managers such as Budget Users, Budget User Authorities, Commitment Making Officials, and treasurers of expenditure on Regional Finance Agency of Local Government B have age range of 38 years old to 45 years old with bachelor or master degrees so that they are presumed to have good experience in local financial management. This is explained through the following statement.

"Our financial staff here who manages NCT **can be said to be enough**. It means because the financial section is very crucial, so it is never left empty. Even if required, we will find an appropriate replacement. But this rarely happens..." (P7-34)

"For the staff, we hire those who are not too senior. Because of what? Because **our job mobility is high**. Busyness is high and **we need people who are really energetic for it**." (Q7-34)

Besides human resources, other resources needed to facilitate the implementation of policies are facilities and authority. Based on the results of observations, facilities in the form of infrastructure provided by Regional Finance Agency of Local Government B is adequate. The executors of NCT policy in Local Government B also already have their respective authorities. This is explained by the following informant.

"The infrastructure facilities are sufficient enough to support. We also provide a budget to conduct dissemination about non-cash, or coordination meetings." (P6-24)

"Another indicator of why we can do it is because there is internet access and infrastructure. **We have sufficient and adequate facilities.**" (P8-40)

c. Disposition

The commitment of NCT policy implementers in Local Government B is considered to be very good. This can be seen from the strong desire to implement the NCT start from regional heads as decision-makers to the policy implementers. The regional head of Local Government B motivated, that whatever obstacles were faced, each treasurer had to conduct non-cash expenditure transactions and not allowed at all to keep cash in a safe. This can be proven through the following statement.

"There must be pros and cons. New things, fears, and impossible thought to implement the zero rupiah. Cash at treasurer is absolutely zero rupiah at treasurer's safety deposit box." (P6-10)

"Then I answer, the most important thing is that we take into one's head first. Frankly speaking, there must be obstacles. But if the intention is already strong in implementing cashless, Inshaallah, these obstacles can be overcome. **Our leaders are very determined for that. So, inevitably we must join and adapt.** The rules are made by the leader." (P8-22)

"But **the benefits that we felt** now are many savings that we can make in terms of payments, and increase public trust in us." (Q7-18).

Unfortunately, up to now, there is no formal reward and punishment system that imposed on the implementation of NCT in Regional Finance Agency of Local Government B. It is just the award and punishment are given informally in the form of praise or criticism which, according to interview participants, is more memorable than formal awards. This explained through the following statements.

"...informal rewards. Not in the form of awarding certificates or other things." (P6-40)

"... indeed informal awards will be more attached and valued by the recipient. **The recipient will feel more impressed when given an informal award.** A formal award is like, given a certificate blah blah blah and done, come home and the certificate is stored, then I don't remember anymore. Given awards in the form of money, then taken to the minimarket run out, no trace. But when it was mentioned in front of many people, it was the one who contributed to the Local Government, it would be more memorable." (P5-66)

d. Bureaucratic Structure

Even though there is a regulation from the local head, the Regional Finance Agency of Local Government B plans to replace the regional financial administration system and procedure document and adapt it to the current conditions. This is

because the old system and procedure document regulates that valid proof of payment is a receipt. The system and procedure document will be replaced and adjusted to the latest conditions in 2020 after the issuance of a Minister of Home Affairs regulation that follows up Government Regulation 12/2019 on Regional Financial Management. As explained through the following statement.

"We want to change the system and procedure again, but wait for the Minister Regulation to be replaced. After that, we change the system. There is no longer any such thing as payment must be a receipt." (P5-58)

One obstacle faced by policymakers in formulating SOP is that until now the Minister of Home Affairs has not issued specific regulations on more detailed systems and procedures regarding non-cash mechanisms. The NCT policy issued by the Minister of Home Affairs is still in the form of circular letter which do not yet have legal force. This causes regulations on NCT policy not to be binding on all elements in each agency or local government.

Based on the results of the interview it was said that although coordination and cooperation with the bank and Regional Finance Agency of Local Government B went smoothly, coordination with the inspectorate experienced the following obstacles.

"Inspectorate and I was often fight the argument. It means, in the system and procedure we have defined the transaction evidence is a receipt or other evidence that similar ... " (P5-50)

"Our friends in inspectorate still oblige the receipts. Well, this is still a waste of money." (P5-50)

Thus, Regional Finance Agency of Local Government B feel the need to synchronize perceptions with inspectorates related to valid proof of payment in the implementation of NCT by updating existing regulations.

Factors Causing Low Realization of NCT

Cross-case data analysis conducted to compare the similarities and differences in the implementation of NCT in Local Government A and Local Government B so that conclusions can be found between cases regarding the factors that cause the low implementation of NCT in the two local governments. Based on the results of the analysis, it is known that some of the conditions for the implementation of NCT in Local Government A and Local Government B can be summarized in the following Venn diagram.

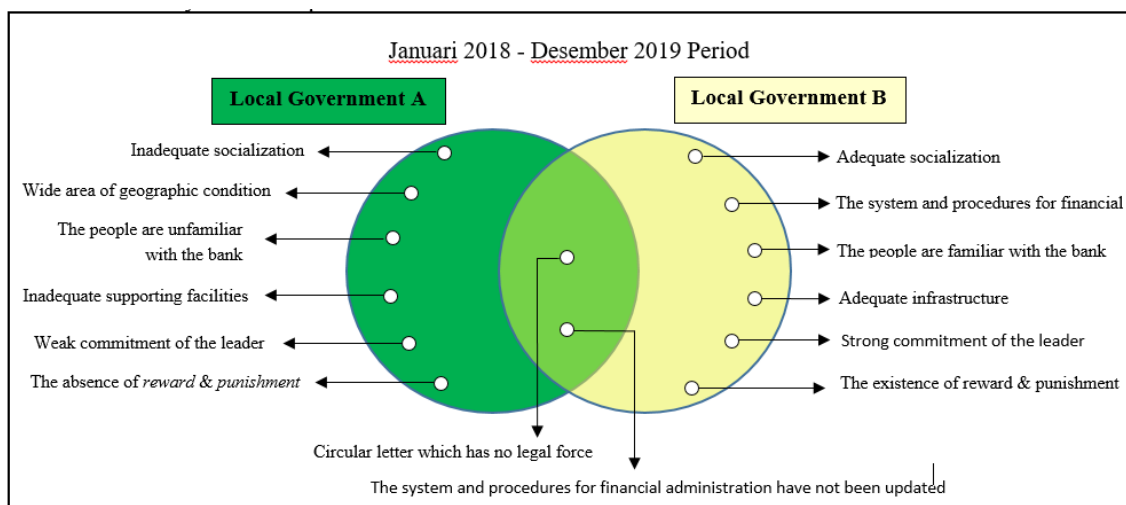


Figure 1.
Venn Diagram
of Cross-Case
Analysis

The explanation of some obstacles that cause the low implementation of NCT on the two objects of this study can be explained as follows.

a. The lack of NCT policy socialization

NCT policy socialization is very important to all parties involved including public as the third party. However, in the implementation, socialization to the community in Local Government A was not yet fully adequate. This can be seen from many people who are reluctant to open bank accounts. Participants in Local Government A stated that they could not force people to open bank accounts with various considerations. This caused communication to the community about NCT policy become inconsistent with the Regent Instruction which instruct that each working units has to request the community as the third party to open a bank account similar to the Regional General Cash Account. It causes the implementation of NCT in Local Government A to be less optimal.

Unlike the Local Government A, the dissemination of NCT policy conducted by Local Government B is carried out with firm commitment and emphasizes that every financial transaction can only be administered to stores that have a bank account in accordance with existing regulations. In this way, people who want to conduct financial transactions with Local Government B inevitably have to open a bank account. In addition, Local Government B also cooperates with Bank Nagari in providing mobile car and motorbike services to facilitate people to access Bank Nagari. This is one of the strategies conducted by Local Government B to socialize NCT to the community. Unfortunately, this strategy was not conducted by Local Government A.

b. Inadequate supporting infrastructure

The implementation of the NCT policy must be supported by facility resources such as networks and ATM machines. NCT implementation is constrained by slow internet connections and the of ATM machines in Local Government A. This slow internet connection discovered by the researchers when participants simulate the use of the NCM application. Regional Finance Agency of Local Government A encounter internet access problem because they do not have regular network maintenance. Network maintenance in Local Government A is only conducted if there were multiple problem occurred. Meanwhile, Local Government B has carried out network maintenance on a regular basis, namely once every three months to maintain the internet network stability.

The number of ATM in local government A is could be said inadequate when compared to its large area. Based on document content analysis, local government A only have 12 ATM machines from a total area of 2,232 km². Local Government B which have a smaller area (23km²) has a greater number of ATM, with 16 ATM machines. This factor causing the low implementation of NCT in Local Government A.

c. Weak commitment of the leader

A leader takes an important role in implementing the policy because of his/her position as a policymaker as well as a pioneer of change for every member he leads. Leaders at Local Government A responded to the implementation of NCT with a positive response. This means that the commitment to NCT implementation is sufficient. However, this commitment is not in accordance with strong and binding regulations. Regulations regarding the implementation of NCT in Local Government A are still in the form of regent instruction. The implementation of

NCT also only supports certain types of transactions. When compared to Local Government B, the commitment to implement NCT in Local Government A is still relatively low. Local Government B has implemented NCT for all transactions based on Mayor Regulations that have greater legal force than instruction regulation. Therefore, the weak commitment of the leader is one of the causes for the low implementation of NCT in Local Government A.

d. The absence of rewards and punishment

One way to motivate the implementers to implement the policy is to provide rewards and punishment. In this regard, both research objects do not formally conduct rewards and punishments. However, in Local Government B, compensation and gifts are informally given to the implementers in the form of praise or criticism. Giving gifts in the form of public praise can have a memorable effect to the implementers compared to relying on material awards such as granting certificates and so on. However, participants in the Local Government A stated that there were no rewards and penalties in the implementation of NCT in Local Government A, so the implementers were not motivated to do so.

e. Circular letter has no legal force

Everything can be done well if it is based on regulations that have binding legal force. Regulations that underlie the implementation of NCT in Local Government A and Local Government B are based on the Minister of Home Affairs Circular Letter No. 910/1866/SJ and No. 910/1867/SJ April 17, 2017, concerning the Implementation of Non-Cash Transactions to Local Governments. Minister of Home Affairs Regulation No. 55 of 2010 concerning the Official Text Management in the Ministry of Home Affairs, article 1 point 43 explain that circular letter is an official text that consists of notifications, explanation and/or instruction on how to do certain things that considered as important and confidential. Considering that the contents of the circular letter are only notifications, therefore the content is not a legal norm as the norm of statutory regulation. Therefore, circular letters cannot be made as a legal basis to revoke Local Head regulations but merely to clarify the meaning of the regulations to be announced. Assertive and stronger legal regulation from the Ministry of Home Affairs is needed by both Local government A and Local Government B in accomplished the NCT implementation.

f. The system and procedures for financial administration are un-updated

In addition to regulations regarding the implementation of NCT policies, the system and procedures for administering local financial management in both research objects are also still becoming constraint because it has not been updated. Until now, the system and procedure document of financial administration both in Local Government A and in Local Government B is still referring to cash transaction so it is not in synchronizing with non-cash transaction that implemented. System and procedure that has not yet been updated can also cause miscommunication between various parties involved in the implementation of NCT. Therefore, the existence of the latest system in non-cash financial administration is urgently needed by Local Government A and Local Government B as an adjustment to the available regulations with the latest conditions.

CONCLUSION

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Based on the results of analysis of two research object, it can be concluded that the difference in the aspect of communication between Local Government A and Local Government B can be seen from NCT policy socialization to the community as the third party. In this case, the socialization conducted by Local Government B to the public can be said to be sufficient because there is a strategy in attracting the public to open a bank account. However, NCT policy dissemination is considered inadequate in Local Government A because there are still many people in Local Government A who do not yet have a bank account.

The aspect of resources in Local Government A and Local Government B have differences in the availability of infrastructure. This can be seen from the availability of an adequate number of ATM and a stable network connection at Local Government B. Meanwhile, Local Government A is constrained by the limited number of ATM machines and the slow internet connection.

Disposition (attitude) is the third aspect analyzed on both research object. The implementation of NCT policy has led to differences in attitudes between the leaders of Local Government A and Local Government B. Local Government B addresses NCT policy with a strong commitment therefore NCT policy on Local Government B is implemented throughout the entire expenditure transaction. It is different from the commitment of the Local Government A leaders who are still gradually implementing NCT policies.

Another difference in the aspect of disposition (attitude) between Local Government A and Local Government B is the absence of rewards and punishments to policy implementers in the implementation of NCT. Local Government B conducted an informal mechanism of reward and punishment in the form of giving praise or criticism. However, the granting of rewards and punishments both formally and informally is not found in the implementation of NCT policies in Local Government A.

Last aspect that have been analyzed is bureaucratic structure. Bureaucratic structure in the form of SOP availability on both research objects is still un-updated. This is because the system and procedure used in the implementation of NCT still use the old one. Regulations in the form of a circular letter which underlie the implementation of NCT in Local Government A and Local Government B are also unclear and do not yet have legal force.

The implications and contributions of this research can be seen from an academic and practical side. From the academic side, this research is expected to be able to add new insights and literature related to the implementation of NCT in local governments in Indonesia. From a practical point of view, the results of this study can be use as the reference for local governments to make enhancements and improvements in implementing NCT. In addition, this research provides recommendations that should be considered by regulators in making policies regarding the implementation of NCT in the public interest.

This study has limitations in terms of the scope of transactions used because it only involves expenditure transactions. In addition, this research only involves participants from internal Local Governments A and Local Governments B. This study does not involve participants who come from externals, for example, the people that play a role as a third party. The diversity of informants in Local Government A and Local Government B can also affect the results of research because there are differences in the background of the

position, organizational culture and communication style that is commonly used. Researchers also only conduct analysis using interviews and documents, researchers cannot use the observation approach to obtain a more realistic picture of NCT application.

The recommendations for local governments that are still not optimum in implementing NCT to make various improvement efforts, such as: (1) increasing the quantity and quality of NCT policy socialization to the community as the third party; (2) providing adequate infrastructure in terms of the number of ATM and stable internet network; (3) increasing the leaders' commitment in implementing NCT; (4) implementing reward and punishment mechanisms to motivate policy implementers to participate in the successful implementation of NCT. In addition, recommendations are also intended for the Ministry of Home Affairs as policymakers to issue specific regulations regarding NCT policy because until this study was conducted, there was only circular letters available that were used as the basis for non-cash operations.

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