

THE EFFECT OF DIGITALIZATION OF PAYMENT TRANSACTIONS ON REGIONAL EXPENDITURES IN MAMASA REGENCY

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Abstract

This research aims to analyze and determine the effect of digitalization of payment transactions on regional spending in Mamasa Regency. This research is quantitative research using primary and secondary data sources. The primary data source is the results of interviews with Mamasa Regional Government employees who were the research samples where the sample collection method was purposive sampling. Secondary data consists of PAD and regional expenditure data for the last three years as well as other supporting documents. The data collection method is carried out through the following stages: Questionnaire and Interview. The collected data can be analyzed quantitatively using descriptive or inferential statistics to test hypotheses. Analysis of this research data uses regression techniques, namely simple linear analysis. Hypothesis testing is carried out to see the level of significance of the influence of the independent variable on the dependent variable. The research results show that there is a significant positive influence of digitalization of payment transactions on regional spending in Mamasa district.

Keywords: *digitalization, payment, transaction, regional, expenditures*

1. INTRODUCTION

Indonesia continues to progress towards becoming a developed country amidst various world economic turmoil and global challenges. In the global midst, Indonesia is estimated to be one of the countries that will still be able to grow strongly in 2023. National economic growth has grown above 5% in seven consecutive quarters and it is hoped that Indonesia can grow above 5% in 2023 [1]. In 2023, Indonesia targets economic growth in the range of 6-7% in order to maintain the momentum of Advanced Indonesia. Digital transformation has moved forward very quickly and has changed the paradigm of the global economy and society in utilizing digitalization in various aspects. The 2024 APBN that has been adopted has also supported the implementation of digitalization of financial transactions both at the center and in the regions, including through the publication of government credit cards and payment of taxes, PNPB, as well as regional taxes and levies through digital transactions. The urgency of this research is that there is a research phenomenon regarding data based on financial notes that have been discussed by the Mamasa Regency Government and DPRD, the Mamasa Regency budget deficit that has occurred over the last two years, which for 2024, could be reduced from IDR 192 billion to IDR 123,840 billion or reduced by IDR 69 billion [2]. PAD in 2021 and 2022 did not reach the target. Digital transformation has moved forward very quickly and has changed the paradigm of the global economy and society in utilizing digitalization in various aspects

[3]. The 2024 APBN that has been adopted has also supported the implementation of digitalization of financial transactions both at the center and in the regions, including through the publication of government credit cards and payment of taxes, PNPB, as well as regional taxes and levies through digital transactions. Based on the results of the pilot project for implementing non-cash transactions carried out in 12 regions, implementing non-cash transactions can increase PAD by an average of 11.1% [5]. One of the phenomena of this research is the contribution of PAD to the APBD revenue structure, which in 2019 only reached an average of 25%. PAD is also still dominated by Regional Taxes at 71%, while regional levies are still very low at 3% [6]. One effort to achieve this target is through strengthening digital technology. Strengthening digital technology requires readiness at all levels, including Regional Government. Strengthening synergy between the central government and regional governments supported by the use of digital platforms which are needed to increase the synergy and effectiveness of fiscal interventions in each financial management cycle both at the center and in the regions. One of the ways in which the digital platform can be used to synergize national fiscal policy is through interconnection between the Regional Financial Information System (SIKD) of the Ministry of Finance and the Regional Government Information System (SIPD) of the Ministry of Home Affairs. On the village financial management side, interconnection is also carried out between SIKD Teman Desa and the Village Financial System (Siskeudes) used by the village government. The urgency of this research is that there is a research phenomenon regarding data based on financial notes that have been discussed by the Mamasa Regency Government and DPRD. There is a budget deficit in Mamasa Regency for the last two years, for 2024, it could be reduced from IDR 192 billion to IDR 123,840 billion or reduced by IDR 69 billion. PAD in 2021 and 2022 did not reach the target.

The slow entry of PAD is due to the lack of excavation tax revenue C. Why is that, because there are many projects that have been completed but have not yet been completed and that is an obstacle. Mamasa Regency, which is the cause of the lack of PAD, is due to the lack of investors who look at Mamasa's potential. Due to inadequate road infrastructure. This is an obstacle, because the road infrastructure is not optimal [7]. Apart from that, another thing is the minimal promotion carried out by the district. Previous research [8] explains the effect of digital payments on reducing corruption. Research [9] Impact of the use of digital payment solutions in Gulf Cooperation Council Economies countries. Research [10] Cashless and Cardless transactions are already underway, which is a business behavior that can provide added economic value and be an alternative solution to existing problems, especially economic problems in Indonesia. Regional expenditure is all regional cash expenditures in the relevant year period which reduce regional government wealth. In a regional budget structure with a performance approach, regional expenditures are based on organization, function, group and type of expenditure. Regional expenditure is government expenditure from the regional general treasury account as a deduction from net assets or current fund equity in the year concerned for which the government does not receive repayment [11].

Bank Indonesia believes that digitalization of payment transactions can strengthen regional government resilience through optimizing Regional Original Income (PAD) and expenditure realization. Regional governments that are at a higher ETPD stage tend to have better resilience to a decline in regional income and have a better average realization of regional expenditure [12]. Digitalization has made it easier for people to pay taxes and levies. Meanwhile, from a shopping perspective, digitalization has increased efficiency. Several previous studies used quantitative research to analyze variables that influence regional expenditure in Mamasa district. In the last three years, the Indonesian Government has implemented digitalization of payment transactions to strengthen the resilience of Regional Governments through optimizing Regional Original Income (PAD) and expenditure realization [13]. The government has determined that the task of the Regional Digitalization Acceleration and Expansion Task Force (P2DD Task Force) is to encourage the strengthening of the national and regional economy [14]. The problem-solving innovation in this

research is evaluating digitalization activities in terms of changing physical documents into electronic format and storing in electronic files payment transactions carried out by the Mamasa Regional Government over the last three years to see whether they have been effective and have had an impact on regional expenditure. This research aims to analyze the influence of the variable digitalization of payment transactions which has never been studied by previous researchers on regional spending. So it is hoped that the results of this research can provide input to the Mamasa Regional Government regarding the implementation of digitalization of payment transactions in financing regional expenditure

2. IMPLEMENTATION METHOD

2.1. Digitalization Of Payment

Definition of Digital Payment Digital Payment according to Gaol is a special payment system that has been developed to handle payments for goods electronically via Digital Payment. Digital payment or what is known as digital payment is a type of payment that uses electronic media such as SMS banking, internet banking, mobile banking, and electronic wallets. All of these activities can be carried out using only an electronic device, namely a smartphone. Digital Payment is a representative of all non-cash payments, which is also defined as electronic payment transactions between buyers and sellers using savings accounts via the internet or electronic network. Progressive developments in mobile communications technology have led to the development of m-payment services that meet the needs of both individuals and organizations. When carrying out payment transactions using digital payments, there are several benefits to be gained as follows: 1) Transactions are easier and more practical 2) Transactions are safer 3) Convenience in transactions 4) Speed of transactions 5) Can be used for various services b. Digital Payment Indicators Digital payment indicators are: 1) Perceived Ease of Use (Perception of ease of use) 2) Perceived Usefulness (Perception of Benefit) 3) Perceived Credibility (Perception of Credibility) 4) Social Influence (Social Influence) 5) Behavior Intentions. Digital Payment, if used intelligently and wisely by all levels of society, will make it easier to carry out daily activities that previously we had to do traditionally.

2.2 Regional Expenditures

According to Law Number 33 of 2004, Regional Expenditures are all Regional obligations which are recognized as a deduction from the value of net assets in the relevant fiscal year period. The Regional Expenditure Structure is divided into Direct Expenditure and Indirect Expenditure. The components in Direct Expenditure are Direct Employee Expenditure, Expenditure on Goods and Services, and Capital Expenditure. Meanwhile, the components of Indirect Expenditure are Indirect Employee Expenditures, Interest Expenditures, Subsidy Expenditures, Grant Expenditures, Social Assistance Expenditures, Profit Sharing Expenditures to 10 Provinces/Districts/Cities and Village Governments, Financial Assistance Expenditures to Provinces/Districts/Cities and the Government Villages, and Unexpected Shopping. The APBD consists of three main components, namely regional income, regional expenditure and regional financing. The regional expenditure component is a manifestation of regional government spending money on public services. There are four main posts in regional expenditure, namely the Personnel Expenditure post, the Goods and Services Expenditure post, the Capital Expenditure post, and other expenditure posts. Through regional spending, information is obtained on spending priorities carried out by regional governments which can have an impact on the welfare of their citizens.

The composition of regional expenditure in the national APBD is divided into 4 (four) main parts, namely personnel expenditure, capital expenditure, goods and services expenditure and other expenditure. The employee spending ratio is used to measure the portion of employee spending on

total regional spending. The improving quality of regional spending can be seen from the decreasing share of personnel spending.

2.3. Types of Research and Data Collection Methods

This research is quantitative research using primary and secondary data sources. The primary data source is the results of interviews with Mamasa Regional Government employees who are the research sample where the sample collection method is purposive sampling. Secondary data consists of PAD and regional expenditure data for the last three years and other supporting documents. The data collection method is carried out through the following stages: Questionnaires and Interviews where the interview guide in this research is an unstructured interview guide, that is, the interview used is only an outline of the problems to be asked. The research instrument was created based on the indicators contained in the problem formulation, then the researcher prepared a grid to create the research instrument. The classical assumption test is carried out to provide certainty that the regression equation obtained is accurate in estimation. Testing this classical assumption consists of normality test, multicollinearity test, heteroscedasticity test. This research data analysis uses regression techniques, namely multiple linear analysis. Hypothesis testing is carried out to see the level of significance of the influence of the independent variable b on the dependent variable. Collecting primary and secondary data according to data collection methods on samples that have been determined based on sample collection methods in the existing population. Questionnaires were created and tested for reliability and validity before being distributed to respondents. Interviews with sources to support research results, data processing and research results. Evaluation/assessment, the researcher will evaluate the research results and provide solutions/to the research problem or model offered. The final stage is publication and the Final Research Report

For the results of the questionnaire to be used as good data, it must pass the following two tests:

Validity Test

The validity test is used to measure the instrument in the questionnaire and whether the instrument is valid to measure what it is supposed to measure. Testing the validity of each questionnaire item is by correlating the total score which is the sum of each item score. If $r_{count} \geq r_{table}$ (2-sided test with sig. 0.05) The following are the results of the Validity Test using SPSS 25 as follows, Alpha 0.74 indicates high reliability

Reliability Test

The reliability test is used to measure the consistency of the questionnaire which is an indicator of the variable. A questionnaire is said to be reliable or reliable if the answers to the questions are consistent or stable over time. Instrument reliability testing uses the Cronbach Alpha formula with the following criteria, it can be concluded that it is reliable because Cronbach's Alpha value is greater than 0.7.

3. RESULTS AND DISCUSSION

Results

Based on data from the Mamasa Regency BKAD, data on Original Regional Income and Regional Expenditures for Mamasa Regency for 2019-2023 are as follows:

Table 1. Realization of Original Regional Income and Regional Expenditures in Mamasa Regency 2019-2023

Tahun	Pendapatan Asli Daerah	Belanja Daerah
2019	31.929.447.978,00	800.678.128.062,00
2020	31.144.643.233,24	947.856.632.455,53
2021	16.643.739.465,36	925.410.149.297,76
2022	19.305.880.880,30	952.869.141.656,94
2023	19.760.595.841,00	867.074.126.825,00

Source : Data Processed, 2025

Linear regression is a test used to determine whether there is an influence of the independent variable on the dependent variable. On the basis of decision making, there is an influence between the independent variable and the dependent variable if the significance value is smaller than 0.05.

Table 2. Simple Linear Regression Results

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4626.067	1	4626.067	145.327	.000 ^b
	Residual	1846.267	58	31.832		
	Total	6472.333	59			

Dependent Variable: Total Y
Predictors: (Constant), Total X

Source : SPSS 25

Based on table 2, the significance level is 0.000, which means the significance value is less than 0.05, the regression model can be used to predict participation variables or in other words, the digitalization of payment transactions has a significant effect on regional expenditure.

Table 3. Derermination Coefficient (R Square)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.845a	.715	.710	5.642

a. Predictors: (Constant), TotalX

Source : SPSS 25

This test is carried out to determine the strength category between two variables by looking at the R² value. Table 3 explains that the value of the Adjusted R square is 0.710, which means that the effect of digitalization of payment transactions (X) on regional expenditure (Y) is 71% and is in the strong category because it is more than 0.67

Hypothesis testing is carried out to determine the truth of the hypothesis that has been proposed, as well as to make decisions easier on research results. Because in the research there are only two variables, hypothesis testing simply uses the T test.

Table 4. t test results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.930	7.564		-.123	.903
	TotalX	.992	.082	.845	12.055	.000

a. Dependent Variable: TotalY

Source : SPSS 25

Table 4 shows that the t value is 12.055, so it can be concluded that 12.055 is greater than 1.67155 and the p value is 0.000 which is smaller than 0.05, proving that there is a significant influence between variable X and variable Y. So it can be concluded that H1 is accepted while H0 is rejected.

Discussion

The Effect of Digitalization of Payment Transactions on Regional Expenditures in Mamasa Regency.

Hypothesis testing results show that digitalization of payment transactions has a positive and significant effect on regional expenditure in Mamasa Regency. The better the implementation of digitalization of payment transactions means the more effective regional expenditure transactions, where the indicator is the regional expenditure ratio. Meanwhile, digitalization of transactions is measured from digital payment indicators according to [16]. Regarding regional shopping fulfillment, the DigiPay application is a solution for completing online purchase transactions and cashless payments. The government's policy of implementing non-cash payments for government spending transactions as a whole since 2019 where the Government together with Bank Indonesia launched the National Non-Cash Movement (GNTT) with the aim of increasing awareness of the public, business people and government institutions to utilize cashless payment facilities.

The implementation of the Digital Payment Application (DigiPay) makes it easier for work units to fulfill purchases for office operational needs. The main obstacle in implementing the Digital Payment application system is the lack of flexibility where DigiPay payments cannot be made between Himbara bank accounts. To use DigiPay, work units need to create an account at the Himbara bank that created the application so that the work unit cannot use the DigiPay application between Himbara banks. This happened because each Himbara bank created the DigiPay application so that it did not support interconnection between applications. This has an impact on suppliers (vendors) who want to make sales using the DigiPay application must first open an account at Himbara Bank whose account is the same as the work unit that will make the transaction. Research conducted by examining the influence between the variables Digitalization of payment transactions

(X) and regional expenditure (Y) still has little research on these variables. [17] conducted research with the results that there was a significant influence of non-cash transactions on the accountability of regional financial management in Pandeglang Regency. The results of research [18] show that there is an influence of digital payment systems on economic growth in regions, with the many conveniences provided in digital payments making business actors in regions prefer digital payment systems in transactions. Non-Cash Transactions have a significant effect on Regional Financial Management Accountability [19]. The more implementation of non-cash transaction systems will have a positive impact on the accountability of financial management for internal offices and regions and vice versa. The lesser implementation of non-cash transaction systems worsens the accountability of financial management. Therefore, misuse of regional finances can be minimized. Research results [20] found The Sleman district industry and trade office is in accordance with the Sleman regent's regulations where the payment system for regional expenditure is sourced from the Sleman district regional income and expenditure budget. Apart from that, from a security perspective it is also guaranteed to be safe because it has to go through three users and with this CMS, fraud in financial management, especially related to regional spending, will not occur because with this system, regional financial management will also be accountable and transparent. Currently, the government is intensively implementing digitalization of payment instruments. Unfortunately, there are several obstacles to its implementation, such as equal distribution of electronic transactions which is difficult to carry out due to lack of infrastructure coverage, little literacy and public access to finance, and a payment system that is not very secure. We can experience many benefits from non-cash transactions. For example, practicality or effectiveness and efficiency offered in its use. Digital payments also save time and costs. As for its drawbacks, non-cash transactions indirectly make people consumptive. The convenience provided by this system seems to attract users to continue buying goods and services. A poor security system is also one of the shortcomings of digital payments. Data that constitutes user privacy is quite easy for other people to access. The change in the mechanism for procuring goods/services through shopping from conventional methods to digital payment marketplaces is expected to support the acceleration of economic recovery after Covid-19. Digitalization of the government payment system can be used as an alternative in procuring goods/services. Currently, the government is intensively implementing digitalization of payment instruments. Unfortunately, there are several obstacles to its implementation, such as equal distribution of electronic transactions which is difficult to carry out due to lack of infrastructure

coverage, little literacy and public access to finance, and a payment system that is not very secure. We can experience many benefits from non-cash transactions

4. CONCLUSION

Digital payments also save time and costs. As for its drawbacks, non-cash transactions indirectly make people consumptive. The convenience provided by this system seems to attract users to continue buying goods and services. A poor security system is also one of the shortcomings of digital payments. Data that constitutes user privacy is quite easy for other people to access. Based on research conducted, digitalization of payment transactions has a significant effect on regional spending in Mamasa district. The t value is 12.055, so it can be concluded that 12.055 is greater than 1.67155 and the p value is 0.000 which is smaller than 0.05, proving that there is a significant influence between variable X and variable Y. So it can be concluded that H1 is accepted while H0 is rejected. The better the implementation of digitalization of payment transactions means the more effective regional shopping transactions will be. The contribution of the results of this research to the Mamasa Regional Government is that, to increase the effectiveness of regional spending, the Mamasa Regional Government should be more aggressive in implementing the digitalization of payment transactions. This can be done by improving infrastructure coverage, increasing digital literacy and public access to finance, and ensuring a safer payment system. The results of this research can be developed with other research regarding variables that are obstacles to the digitalization of payment transactions, for example transaction security or financial digitalization literacy so that implementation can increase the effectiveness and efficiency of regional financial management.

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