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Transformation Towards a Clean Digital Economy by Optimizing Non-Cash Transactions as an Instrument to Prevent Corruption

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ABSTRACT

The transformation towards a digital economy in Indonesia presents a strategic opportunity to enhance financial transparency and combat corruption through non-cash transactions. Despite initiatives like the National Non-Cash Movement (GNNT) and advancements in digital payment systems such as QRIS, cash transactions remain dominant due to infrastructure disparities, low digital literacy, and entrenched cultural habits. This study examines the role of non-cash transactions in preventing corruption by leveraging digital footprints for real-time monitoring and accountability. Using a normative legal research method, the study analyzes regulations like Law Number 8 of 2010 on Money Laundering Prevention, alongside secondary data from institutions such as Bank Indonesia and the Corruption Eradication Commission (KPK). Findings reveal that digital transactions significantly reduce corruption risks by enabling transparent financial tracking, as evidenced by successful implementations like e-budgeting in DKI Jakarta. However, challenges persist, including cybersecurity threats and uneven policy coordination. The research underscores the need for stronger infrastructure, public education, and cross-sector collaboration to foster inclusive digital adoption. Strategic recommendations include enhancing regulatory frameworks, expanding digital literacy programs, and incentivizing private-sector innovation. These measures aim to create a resilient digital economy that prioritizes transparency, accountability, and equitable access, ultimately reducing corruption and strengthening public trust in financial governance.

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INTRODUCTION

In the current Indonesian financial system, the use of cash still dominates transaction practices, both in the public and private sectors. Although there have been digitalization initiatives such as the implementation of the *Cash Management System* (*CMS*) in government agencies and the expansion of access to digital financial services by the banking sector—the adoption of non-cash transactions has not yet been evenly distributed (Hariri et al., 2019; Pouyanfar et al., 2018; Singh & Reddy, 2015; Tsai et al., 2015). The main causes of the dominance of cash transactions include limited digital infrastructure, especially in underdeveloped and remote areas, and low digital and financial literacy among the general public. In the private sector, particularly among *UMKM* (micro, small, and medium enterprises), which are the backbone of the national economy, cash transactions are still considered the most practical and affordable method, as not all business actors have access to digital payment devices and systems. The deep-rooted social habits of using cash also pose a challenge to digital financial transformation efforts (Amali Fahmi Addiani, 2023). As a result, there remain significant opportunities for financial manipulation practices,

embezzlement of funds, and difficulty in conducting comprehensive audits and supervision in cash-based transactions.

The high dependence on cash transactions also contributes to the high risk of corruption in Indonesia. According to the *Transparency International* report, Indonesia's *Corruption Perception Index* (*CPI*) in 2024 recorded a score of 37 on a scale of 0 to 100, placing Indonesia 99th out of 180 countries. Although this represents an improvement compared to the previous year, the score still highlights serious challenges in eradicating corruption, especially in the public sector. Several sectors, such as the procurement of goods and services, distribution of social assistance funds, and management of regional budgets, are the main focus in the misuse of public funds. Low transparency in financial transactions—particularly those involving cash—complicates accountability and allows for budget irregularities (Azmi, 2023). Therefore, a sustainable increase in the *CPI* can only be achieved through reform of the financial governance system that emphasizes transparency, efficiency, and real-time tracking—all of which can be more effectively facilitated through a non-cash transaction system.

A clear example of weak control in cash transactions is the case involving the arrest of Tomy Hendratno, an employee of the *Direktorat Jenderal Pajak* (*DJP*). In this case, Tomy was caught red-handed by the *Komisi Pemberantasan Korupsi* (*KPK*) while accepting a bribe of IDR 285 million in cash from a taxpayer. The use of cash in such bribery transactions is intended to avoid digital traces that could be tracked by the state's financial supervision system. This incident reflects how cash transactions are exploited as a loophole in a system that is not yet fully digitalized. In addition to complicating the process of collecting legal evidence, such practices hinder efforts to recover state losses (Cahya, 2021).

The development of the digital economy in Indonesia has experienced a significant surge in recent years, marking a structural transformation across various sectors. Digitalization has reached nearly all aspects of the national economy, including trade, service provision, and government administration. According to a report by Google, Temasek, and Bain & Company, the value of Indonesia's digital economy is projected to reach US$110 billion by 2025, making Indonesia the largest digital market in Southeast Asia. This is supported by increasing internet penetration, which reached 221.6 million users—or around 79.5% of the total population—in early 2024 (Chairi, Indriani, & Darwanis, 2022). The government has also integrated technology into public financial governance through systems such as *e-budgeting*, *e-audit*, and *e-procurement* to ensure more transparent, accountable, and efficient processes. This transformation is a vital foundation for building a clean, digital government that is responsive to public needs.

Simultaneously, financial technology (*fintech*) has emerged as a key driver in accelerating the digitalization of payment systems and financial services. *Fintech* offers various innovative products and services, including digital wallets (*e-wallets*), online lending platforms (*peer-to-peer lending*), and robo-advisory in investment management. These services not only expand access to formal financial systems but also reach previously underserved populations, thereby enhancing financial inclusion. The efficiencies provided by the *fintech* ecosystem also help accelerate money circulation, reduce transaction costs, and support more effective implementation of monetary and

fiscal policies (Suryana, 2020). With the increasingly widespread use of digital technology in economic activities, Indonesia's position in the global digital economic landscape continues to strengthen—reinforcing the foundation for sustainable economic growth.

As part of its commitment to promoting digital transformation, the Indonesian government, through *Bank Indonesia*, launched the *Gerakan Nasional Non-Tunai* (*GNNT*) in 2014. *GNNT* aims to build collective awareness among the public, businesses, and government agencies about the importance of transitioning to a non-cash payment system that is safer, more efficient, and less prone to corruption (Harahap & Harahap, 2023). One of the tangible implementations of this movement is the adoption of the *Quick Response Code Indonesian Standard* (*QRIS*) as a cross-platform digital payment standard. *QRIS* enables all businesses, including *UMKM*, to accept digital payments without being tied to a specific service provider. In line with this, the government is also promoting institutional synergy, enhancing digital literacy, and strengthening technological infrastructure as part of the grand agenda of national digital economic transformation (Gultom *et al.*, 2024). These strategic steps are expected to accelerate financial inclusion, reduce dependence on cash, and create a more transparent and corruption-resistant financial system.

Non-cash transactions play a critical role as an anti-corruption instrument due to their capacity to generate a digital footprint for every financial activity. In a digital financial system, each transaction—whether made via debit card, bank transfer, digital wallet, or *QRIS*—is automatically recorded in an electronic system. This footprint not only captures the transaction's nominal value and timestamp but also the identities of the sender and recipient, along with the payment channel used. This data creates a comprehensive and auditable reporting structure, making it difficult for perpetrators to conceal or manipulate financial flows. Unlike cash transactions, which are hard to trace and prone to misuse, non-cash systems offer high transparency, thus acting as a deterrent against corruption, gratification, or extortion (Hafidhigbal, 2024).

Digitalization of the payment system also enhances budget monitoring and accountability mechanisms, especially in public financial management. Digital financial information systems such as *e-budgeting*, *e-monitoring*, and *e-payment* allow real-time oversight by internal auditors, external supervisory institutions like the *Badan Pemeriksa Keuangan* (*BPK*) and *KPK*, and even the public through data transparency. Furthermore, the automation of financial reporting minimizes the risk of data manipulation and administrative errors that could be exploited to hide irregularities. Technologies such as data analytics and *machine learning* have already been adopted by several agencies to detect suspicious or unbudgeted transaction patterns (Herlen, 2021). A fully digitalized system significantly reduces the room for human intervention, which could otherwise lead to conflicts of interest—thereby fostering cleaner and more efficient governance.

The effectiveness of non-cash transactions in preventing corruption has also been supported by research and policy implementations. For instance, findings from the *Pusat Pelaporan dan Analisis Transaksi Keuangan* (*PPATK*) reveal that digital financial transactions facilitate the detection of suspicious financial flows linked to corruption and money laundering. The successful efforts by the DKI Jakarta Provincial Government to reduce budget leaks through the digitization

of regional tax and retribution payment systems serve as concrete evidence of how non-cash transactions can directly increase revenue and reduce irregularities. Similar findings from other countries, such as India and Kenya, also demonstrate a positive correlation between digital payment systems and reduced corruption in the public sector. By narrowing the scope for illicit transactions and enhancing administrative control, the cashless system has become a strategic instrument in fostering cleaner and more integrated governance and economic ecosystems (Lamijan & Tohari, 2022).

Nevertheless, the implementation of cashless transactions in Indonesia continues to face complex challenges—one of which is infrastructural constraints and a deeply entrenched cash culture. Although information technology continues to advance, access to supporting infrastructure such as stable internet networks and digital devices remains uneven, particularly in areas outside Java. This limits the adoption of digital payment systems, making implementation slow and partial. Furthermore, the entrenched habit of using cash—perceived as more practical and immediate—remains dominant, particularly among *UMKM*, traditional traders, and low-income communities. This *cash culture* is a psychological and social barrier to transitioning toward a more modern and transparent cashless system.

Another critical challenge is the cybersecurity risk that shadows the digital financial ecosystem. As the volume of cashless transactions grows, so too does the threat to user data and information security. Incidents of data breaches, *phishing*, *malware*, and digital identity theft are becoming increasingly common and may undermine public trust in digital systems. Moreover, digital systems that are not yet fully resilient and possess technical vulnerabilities may be exploited for cybercrimes or even systemic sabotage. Therefore, implementing non-cash transactions must be accompanied by enhanced digital security measures, the application of advanced encryption technologies, and public education on digital ethics and transaction security.

In addition, the technological divide between urban and rural areas also poses a serious barrier to equitable digitalization. In many remote regions, communities still face difficulty accessing quality internet services, banking infrastructure, and essential tools such as smartphones. This leads to low digital and financial literacy, causing people to feel less confident and reluctant to use non-cash systems. This inequality widens the *digital divide*, potentially exacerbating social and economic disparities. To address this, affirmative government policies and cross-sector collaboration are essential for building inclusive digital infrastructure, providing widespread digital literacy education, and incentivizing local economic actors to transition gradually yet consistently toward non-cash payment systems.

The urgency of transformation and reform in Indonesia's financial governance is increasingly evident amid growing demands for transparency, efficiency, and integrity in managing public funds. Building public trust in state institutions is inseparable from the government's ability to create a financial system that is open, auditable, and free from manipulative practices. Digital-based reforms, including the adoption of non-cash payment systems and inter-agency financial data integration, are essential in preventing corruption by enabling tighter and real-time transaction oversight. Beyond mere technical implementation, this transformation

demands a paradigm shift—from a closed and manual governance model to a data-driven and collaborative system. To realize this vision, strong synergy is required among the government as the policymaker, the private sector as the technology enabler, and the public as both users and watchdogs. This cross-sector collaboration is key to establishing a long-term digital financial ecosystem that is inclusive, accountable, and sustainable.

METHOD

This study uses a normative legal method, namely an approach that focuses on functional legal norms as a basis for analyzing a problem. This method is based on a *statute approach* and a *conceptual approach*. The *statute approach* is used to examine regulations related to non-cash transactions, financial digitalization, and efforts to eradicate corruption, such as Law Number 8 of 2010 concerning the Prevention and Eradication of Money Laundering, as well as regulations issued by *Bank Indonesia* and the *Ministry of Finance*. Meanwhile, the *conceptual approach* is used to explore expert opinions and theoretical concepts on financial transparency, governance reform, and the effectiveness of non-cash systems as preventive instruments against corruption.

The data sources in this study consist of secondary data obtained through literature studies, including primary legal materials such as laws and regulations, as well as secondary legal materials in the form of books, scientific journals, articles, research reports, and publications from official institutions such as the *Komisi Pemberantasan Korupsi* (*KPK*), *Bank Indonesia*, and *PPATK* (*Pusat Pelaporan dan Analisis Transaksi Keuangan*). Data collection techniques include documentation and literature review to obtain an in-depth understanding of relevant regulations and theories. Furthermore, the data analysis technique used is *descriptive qualitative*, which involves systematically processing and compiling data to describe the relationship between legal norms and their implementation in the context of non-cash transactions and their impact on preventing corruption in Indonesia. This analysis aims to formulate argumentative conclusions based on legal norms and legal reasoning.

RESULT AND DISCUSSION

1. Development of Non-Cash Transaction Implementation in Supporting Transformation Towards a Clean Digital Economy in Indonesia

Statistics on the use of non-cash transactions in Indonesia show a continuing increasing trend along with the acceleration of digitalization in the financial sector. According to Bank Indonesia data, the total volume of digital banking transactions throughout 2023 reached more than 14 billion transactions with a value of IDR 58,000 trillion, a significant increase compared to the previous year. Meanwhile, the value of electronic money transactions was recorded at IDR 508.9 trillion, growing by around 23% annually. This increase shows that people are starting to switch from using cash to digital payment systems as a result of the convenience, speed, and efficiency offered. This surge is also driven by the increase in digital infrastructure, internet penetration, and high ownership of mobile devices among the Indonesian people (Laming, Anwar, Rahmi, & Soumena, 2023).

The most widely used non-cash instruments today include debit cards, e-wallets (digital wallets), and QRIS (Quick Response Code Indonesian Standard). Debit cards still dominate formal transactions, especially in the banking and financial institutions sector, while e-wallets such as OVO, GoPay, Dana, and ShopeePay are the main choices for micro transactions and daily needs. QRIS, as an innovation from Bank Indonesia, has recorded rapid growth since its launch, with more than 30 million merchants using it by early 2024. QRIS facilitates cross-platform payments and is a key tool in driving financial inclusion, especially for small business actors who previously did not have access to formal banking services. This diversification of non-cash instruments provides flexibility and convenience to users while expanding the reach of the digital payment system to all levels of society (Nisak, 2023).

The segmentation of non-cash transaction users has also undergone significant changes. In the public sector, non-cash transactions have begun to be implemented through e-budgeting, e-payment, and e-procurement systems, especially in the central government and several local governments that have adopted the principles of financial transparency and accountability. In the private sector, large companies like digital startups have integrated electronic payment systems into their business movements. MSMEs, which were previously synonymous with cash transactions, are now starting to switch to digital payments due to the ease of access and promotions from e-wallet and QRIS providers. At the general public level, the younger generation and urban communities are the most adaptive groups to cashless technology, while rural communities are gradually becoming involved along with increasing digital literacy and expanding infrastructure (Nugroho, 2014) This trend reflects positive progress towards an inclusive and transparent digital financial ecosystem in Indonesia.

Technological infrastructure plays a key role in accelerating the digitalization of transactions in Indonesia, especially in supporting the implementation of widespread and even cashless transactions. The development of internet networks, both through fiber optic networks and 4G and 5G cellular networks, has increased connectivity in various regions, including areas that were previously difficult to reach. In early 2024, there were more than 221 million active internet users in Indonesia, reflecting the increasingly deep digital penetration into all levels of society. This progress opens up opportunities for the public to access digital financial services more widely, including cashless transactions. Digital payment systems such as BI-FAST, launched by Bank Indonesia, are an important breakthrough in facilitating fast, cheap, and secure interbank fund transfers. (Patul, Kornelis, & Zukriadi, 2024) Likewise, the use of QRIS (Quick Response Code Indonesian Standard) as a QR code-based payment standard has succeeded in simplifying cross-platform transactions and accelerating financial inclusion, especially in the informal sector and MSMEs.

In addition to network infrastructure, transaction digitalization relies heavily on technology systems integrated into public services. The Indonesian government has implemented technology-based systems such as e-budgeting for budgeting, e-payment for electronic payment systems, and e-procurement for transparent procurement of goods and services. These systems aim to increase the efficiency of state financial administration while minimizing loopholes for corruption and

misappropriation of funds. Through this electronic system, the spending and receiving of state funds can be monitored in real-time and documented digitally (Rizqulloh, 2020). This not only accelerates bureaucracy but also increases accountability at all levels of government. The implementation of technology in the public service system is a concrete form of the government's commitment to realizing cleaner and more transparent financial governance.

Furthermore, this technology integration enables connectivity between financial and administrative systems across government agencies, creating data interoperability that is essential for evidence-based oversight and decision-making. With interconnected information systems—such as between the DJPB (Directorate General of Treasury), KPK, BPKP, and other supervisory agencies—the audit and financial tracking process becomes more effective. This strengthens the internal and external control functions in managing the state budget (Soegiono, 2017). However, to ensure the success of digitalization, the development of technological infrastructure must not be partial. It is necessary to strengthen digital networks in remote areas, increase human resource capacity, and provide technology that can be accessed equally by all levels of society. Thus, the digitalization of transactions supported by a strong technological infrastructure will function optimally as a foundation for a clean and integrated digital economy.

The Indonesian government has a very central role in forming a regulatory and policy framework that supports the digitalization of the national financial system. One of the prominent strategic steps was the launch of the National Non-Cash Movement (GNNT) by Bank Indonesia in 2014. GNNT aims to build public and institutional awareness of the benefits of non-cash transactions in creating an efficient, transparent, and accountable financial system. Since then, various policies have been issued to expand the adoption of digital payment systems, such as standardizing the QRIS as integrated digital transactions across platforms. In addition, the government has also developed an Electronic-Based Government System (SPBE) and encouraged the use of e-budgeting, e-audit, and e-tax to strengthen supervision and efficiency of state financial governance (Sumantri, 2023).

In its implementation, various state institutions play a strategic role in making this digital financial transformation a success. Bank Indonesia (BI) acts as the main regulator of the national payment system, developing and supervising the implementation of BI-FAST, QRIS, and other digital instruments to ensure the security and smoothness of transactions. The Ministry of Finance (Kemenkeu) plays a role in integrating digital systems into the management of the State Budget, including through the Cash Management System (CMS), SAKTI, and the use of e-payments for the distribution of State Budget funds. On the other hand, institutions such as the Ministry of Communication and Informatics (Kominfo) support infrastructure and digital literacy, while the Corruption Eradication Commission (KPK) encourages transparency through the digitalization of public services and the strengthening of an integrated reporting system. The integration of policies and roles between agencies creates synergy in building a strong and accountable digital financial ecosystem (Dartawan & Sudiarta, 2019).

However, the effectiveness of financial digitalization policies is highly dependent on the sustainability of implementation and political commitment from all stakeholders. The government

is not only required to create supportive regulations but also to ensure that their implementation reaches the regional level and the smallest government units. The application of incentives and disincentives to institutions that succeed or fail to implement digital systems is important to encourage real change. In addition, periodic evaluation of the impact of policies, including in the context of preventing corruption and state financial efficiency, is a measure of the success of this transformation. With the active involvement of the government through adaptive regulations and cross-sector coordination, the digitalization of the financial system can be a key pillar in creating clean, transparent, and publicly trusted governance.

The implementation of a non-cash transaction system has a significant impact on corruption prevention efforts because it creates a clear digital footprint in every financial transaction. In a cash-based system, manipulation practices such as budget inflation, bribery, and embezzlement are much more difficult to detect because there is no evidence of transactions that are automatically recorded. On the other hand, in a non-cash system, every movement of funds is recorded in the banking system or digital platform supervised by the financial authorities. This allows for a faster and more accurate audit and tracking process and opens up opportunities for early detection of potential irregularities. The transparency resulting from financial digitalization narrows the room for individuals who intend to commit corruption because every transaction can be traced in real-time by internal and external monitoring systems.

A real example of the success of implementing non-cash transactions as a corruption prevention tool can be seen in the implementation of the e-budgeting and e-procurement systems by the DKI Jakarta Provincial Government since the era of Governor Basuki Tjahaja Purnama (Ahok). This system allows the entire budgeting process, procurement of goods and services, and payments to be carried out electronically and openly, thus eliminating mark-up practices and intervention in the auction process. The effectiveness of this system has even been able to save billions of rupiah in regional budgets and has received recognition from the Corruption Eradication Committee (KPK) as a good practice in financial governance. At the national level, the Ministry of Finance has also implemented the State Treasury and Budget System (SPAN) and SAKTI which facilitate digital management of the state budget, minimize budget leaks, and increase the accuracy of fiscal data.

The implementation of non-cash has also begun to penetrate other public services, such as the distribution of social assistance, tax payments, and education financing, which were previously prone to irregularities because they were distributed in cash. For example, the distribution of Direct Cash Assistance (BLT) and the Family Hope Program (PKH) social assistance now uses a bank transfer or e-wallet system, which avoids the potential for deductions by third parties and ensures that assistance is received directly by eligible recipients. The digitalization of the distribution of public funds not only improves targeting accuracy but also strengthens public trust in the integrity of the state financial system. Thus, non-cash transactions make a real contribution to building a cleaner, more efficient, and accountable government.

2. Main Obstacles in the Implementation of Non-Cash Transactions as an Instrument for Preventing Corruption in the Public and Private Sectors

The implementation of non-cash transactions as an instrument for preventing corruption in the public and private sectors in Indonesia faces significant obstacles, despite the great potential to create a more transparent and accountable financial system. These obstacles cover various aspects, ranging from the inequality of digital infrastructure that limits access to technology in some areas, the low level of financial and digital literacy among the public and state apparatus, to the old habits that are still rooted in the use of cash transactions. In addition, other challenges such as high cybersecurity risks and doubts about the reliability of digital systems are also factors that hinder the maximum adoption of non-cash transactions. No less importantly, limitations in existing regulations and the lack of solid coordination between central and regional government institutions are major obstacles to accelerating the implementation of financial digitalization in Indonesia. Nevertheless, awareness of the importance of digital transformation to prevent corrupt practices continues to grow, and various efforts are being made to overcome these obstacles, with the hope that these obstacles can be minimized through appropriate policies and collaboration between the government, private sector, and society.

The disparity in digital infrastructure in Indonesia is one of the main obstacles to implementing non-cash transactions as an instrument for preventing corruption, especially related to the disparity in internet access and digital financial services between urban and rural areas. In urban areas, advances in digital technology are relatively more quickly accepted and implemented, thanks to the support of a more stable and robust internet network. Meanwhile, in many rural areas, limited access to adequate internet networks, even up to 4G or 5G, is still a major problem. Data from the Ministry of Communication and Information shows that around 60% of Indonesia still has difficulty accessing a quality internet network. This hinders people and institutions in these areas from adopting non-cash payment systems because limited access causes them to prefer using cash methods that are more easily accessible.

This disparity also has an impact on the implementation of digital financial services, which are crucial in realizing an inclusive digital economy. Many digital financial institutions rely on good Internet infrastructure to provide services such as payment applications, interbank transfers, and e-wallets. In rural areas, the penetration rate of banks and financial institutions is still low, while the use of fintech services such as e-wallets or QRIS is also limited due to the lack of reliable networks. In addition, older or less technologically educated populations face difficulties in adapting to the ever-evolving digital system. Without adequate access to these services, the opportunity to prevent corrupt practices that can be detected through non-cash transactions is limited, especially in less developed areas.

Low financial and digital literacy in Indonesia is one of the main obstacles to non-cash transactions, both in the public and private sectors. Although the financial technology (fintech) is increasingly widespread, many people, especially in rural areas and the elderly, do not fully understand how this technology works and how to access digital financial services safely. Limited knowledge about the benefits and potential of non-cash systems means that many individuals still

choose cash transactions as their main choice because they are considered simpler and easier to understand. As a result, many transactions are not properly recorded and are difficult to monitor, creating opportunities for abuse and corruption.

On the other hand, the state apparatus responsible for managing public finances also often does not have an adequate understanding of financial technology and the implementation of digital payment systems. Although there is some training related to digital systems, not all government agencies can provide training evenly and regularly to all employees. Many employees do not fully understand the importance of using non-cash transactions to increase transparency in managing the state budget. It creates a lack of understanding about how digitalization can reduce the potential for budget leakage, as well as how to use technology to monitor the flow of funds effectively.

Low levels of financial and digital literacy also exacerbate the inequality of access to more advanced financial systems. Without a good understanding of financial technology and non-cash transactions, the public and state apparatus will have difficulty participating in the growing digital economy ecosystem. In addition, the inability to operate digital financial systems optimally makes them vulnerable to fraud or abuse related to digital transactions. This limited literacy, in turn, hinders digital transformation that can improve financial governance, increase transparency, and minimize corrupt practices in both the public and private sectors.

The deep-rooted cash culture in Indonesia is one of the main factors inhibiting the adoption of non-cash transactions, both in the public and private sectors. For a long time, Indonesian people have been accustomed to cash transactions in their daily lives and the business world, including in the public sector, which still relies on cash for salary payments, operational expenses, and procurement of goods and services. On the other hand, the informal sector, such as traditional markets, also tends to use cash, reinforcing this dependence. People feel more comfortable with the cash system because it is considered simpler and more understandable, while the non-cash system is considered complicated and less transparent.

This condition is reflected in Micro, Small, and Medium Enterprises (MSMEs) which are still dominated by cash transactions. Many MSMEs are hesitant to switch to digital payment systems due to limited infrastructure and understanding of technology. In addition, there is a perception that cash transactions are more practical and do not require additional devices or maintenance costs. This ingrained cash culture will take time to change, although cashless payment systems offer great potential to increase transparency and reduce misuse of funds in various sectors.

In addition, a major challenge in implementing cashless transactions is the issue of cybersecurity and trust in digital systems. Although digital payment technology offers efficiency and convenience, the potential risk of hacking and data leaks makes many people hesitant to switch from cash transactions. The lack of guaranteed personal data security is one of the main obstacles, with many frauds involving e-wallets or QRIS-based payment systems. The lack of public understanding of how to protect their data also worsens this situation, adding to distrust of digital systems even though better security technology exists.

Limited regulation and coordination between government agencies are factors that slow down the implementation of cashless payment systems in Indonesia. Although Bank Indonesia and the Financial Services Authority (OJK) have launched policies to support financial digitalization, existing regulations do not fully cover new technologies such as blockchain and smart contracts, creating legal uncertainty. In addition, suboptimal coordination between the central and regional governments has led to disparities in policy implementation, with some regions hampered in implementing programs such as the National Non-Cash Movement (GNNT). Uncertainty and overlapping regulations hamper innovation and adoption of digital payment systems, which slows down the development of a clean and transparent digital economy.

3. Strategic Efforts of the Government, Private Sector, and Community in Encouraging Financial Digitalization to Increase Transparency and Accountability of Financial Governance

The Indonesian government has taken several strategic steps in encouraging financial digitalization to improve transparency and accountability in financial governance. One of the main policies introduced is the National Non-Cash Movement (GNNT), which aims to accelerate the adoption of non-cash payment systems across society and economic sectors. In addition, the government is also developing a national digital payment system through platforms such as QRIS, which enables faster, safer, and more integrated transactions. Bank Indonesia and the Financial Services Authority (OJK) play an important role in regulating and supervising the fintech sector, ensuring that digital payment technology is not only efficient but also safe. This policy supports the growth of a clean digital economy by increasing supervision of the financial sector, thereby reducing the potential for corrupt practices. In addition to policies and regulations, the government is also focusing on the digitalization of public services, which has a direct impact on state financial management. These efforts include the implementation of e-budgeting, e-payment, and e-procurement in various government agencies, which aims to increase transparency in state spending and minimize the potential for misuse of public funds. Through e-budgeting, the state budgeting process can be more efficient and can be monitored in real-time by various stakeholders, including the public. The e-payment system facilitates government financial transactions and provides clear evidence of transactions, while e-procurement ensures that government procurement of goods and services is carried out more openly and in a controlled manner. The digitalization of public services serves as one of the important pillars in strengthening transparent state financial governance.

Counseling and education are also government priorities in supporting financial digitalization. Digital literacy programs, both aimed at the general public and MSMEs, aim to increase understanding of the importance of digital payment systems. Through various educational platforms, the government helps the public understand how to use digital payment applications safely, as well as understand the benefits of non-cash transactions in preventing corrupt practices and increasing economic efficiency. The education is noteworthy for building public trust in digital payment systems, which are often influenced by fears of new technologies and potential data leaks.

On the other hand, the private sector has an equally important role in driving financial digitalization. One of the main contributions of the private sector is in financial technology (fintech) innovation, which provides various digital payment solutions that are more easily accessible to the public and business actors. Fintech facilitates transactions through e-wallets, QRIS, and digital lending platforms, which not only benefit individual users but also encourage financial inclusion for MSMEs. In addition, fintech opens up opportunities for people who previously did not have access to conventional banking services to obtain financing and other financial services. Collaboration between the private sector in introducing this technology is essential to accelerate the transition to a more inclusive digital economy.

Partnerships between the private sector and government also play a vital role in developing safe and affordable digital infrastructure for the community. In this case, the private sector works with the government to ensure the provision of a non-cash payment system that is acceptable to all levels of society, including in remote areas. In addition, the private sector is responsible for developing safer technology and ensuring the protection of user data. With the increasing threat of hacking and cybercrime, the private sector must innovate by creating a safer payment system and complying with global security standards to protect users' data.

The importance of collaboration between the government, private sector, and society is key to creating a digital ecosystem that supports transparency and accountability. This synergy not only focuses on developing infrastructure and policies that support digitalization, but also on addressing common challenges such as infrastructure gaps, low digital literacy, and cyber risks. Effective collaboration allows for more structured and rapid identification and resolution of problems and ensures that digital transformation can be carried out comprehensively and inclusively. Continuous monitoring and evaluation are also needed to assess the success of financial digitalization policies and improve the system to be more efficient and secure. Through cross-sector collaboration, Indonesia can overcome existing obstacles and accelerate the transition to a more transparent and free from corrupt practices.

CONCLUSION

The conclusion of this discussion shows that financial digitalization has great potential to improve the transparency and accountability of financial governance in Indonesia. Through strategic policies such as the *Gerakan Nasional Non-Tunai* (*GNNT*), the development of digital payment systems, and the implementation of electronic-based public services, the government has created a strong foundation to accelerate the adoption of non-cash transactions. The private sector, through *fintech* innovation, also supports financial inclusion and facilitates access to digital financial services. However, challenges related to infrastructural inequality, low digital literacy, and a deeply rooted *cash culture* remain significant obstacles to broader implementation.

As a recommendation, increased coordination between the government, private sector, and society is necessary to address these barriers. The government must continue to strengthen regulations and expand education regarding the benefits and security of digital transactions, while the private sector needs to innovate to provide more affordable and secure solutions for all

segments of society. The public is also expected to become more open to technology by improving their understanding and adoption of non-cash payment systems. With these efforts, Indonesia can accelerate its transformation toward a digital economy that is more inclusive, transparent, and free from corruption.

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