

CHAPTER I

INTRODUCTION

1.1 Research Background

In Managing State Finances, the Ministry of Finance seeks to implement one of the strategic programs for bureaucratic reform and institutional transformation of the Ministry of Finance, namely managing state financial liquidity with modern financial instruments, encouraging financial inclusion, and minimizing cash so that fund management can be used optimally and transparently (Perdirjen Treasury Number 17/PB/2017). In carrying out this bureaucratic reform and transformation, the ministry of finance attempted to formulate a policy to improve the budgeting system, the goods and services procurement system, and the implementation of a non-cash system using an aliased system, which eventually created the GCC.

Based on PMK Number 196/PMK.05/2018 GCC a means of payment for shopping using a card that can be used to make payments for spending that can be charged to The State Revenue and Expenditure Budget (APBN). The payment process can be fulfilled in advance by the GCC issuing bank and the work unit is obliged to pay the settlement of obligations at the agreed time with a lump sum payment. GCC has been implemented since July 1, 2019, in all work units in Indonesia, Initially, it was used for payments using the UP mechanism which was managed by the spending treasurer with an allocation of funds of 40% of the work unit supply ceiling.

Payment systems in government through digital technology have also been developed in many countries such as using *direct deposit systems, vendor express programs, international direct deposits, and electronic transfer accounts*. The General Service Administration (GSA) in the United States also issued the Smartpay Program which aims to provide GCC that can be used to pay for official travel, purchase of fuel, and maintenance of official vehicles, aircraft, boats, and other equipment. The GSA has contracted with five institutions to issue a Mastercard or Visa to the employee concerned. In the process of paying credit card bills, you will be asked to the federal agency (Rahardian, Dicky, and Rianto, 2021).

Utilization of this GCC is an effort to simplify and modernize in order to improve, refine, and simplify budget execution. The GCC was formed with the aim of minimizing the use of cash in state financial transactions, increasing security in transactions, minimizing the potential for fraud or cheating such as fictitious transactions, and reducing the cost of funds/idle cash from the use of UP. This card is also included in the corporate card category which is only used for work unit spending purposes such as being used for operational expenditures, including shopping for office needs, spending on food procurement, spending on endurance-boosting, and spending on other operational goods, spending on renting goods and services between other expenses for renting vehicles, buildings, equipment, and shopping for business trips.

The application of this GCC has been used in all provinces in Indonesia in the working area of the DJPb. Based on data from the Directorate of Budget Execution, and Directorate General Treasury, whose research was conducted by Said and Sutiono (2021), in the first year of implementation of GCC the number of government bill payment transactions using UP-GCC as of December 31, 2019, nationally was IDR 739.9 billion. This amount is spread throughout the work area of the Regional Office of the Directorate General Treasury in all provinces. The largest number of transactions using GCC in 2019 came from the Regional Office of the Directorate General of Treasury of DKI Jakarta worth IDR 318.5 billion, West Java worth IDR 16.5 billion, and East Java worth IDR 11.2 billion. As of December 31 2019, only 10,218 work units had used 31,040 GCC in their shopping transactions (Directorate General of the Treasury,2020) it is certain that every year the use of this GCC will continue to increase. Banks that have issued SM-GCC are BRI, BNI, and Mandiri.

Based on research conducted by Novitasari and Halim (2020) using qualitative research methods related to the implementation of GCC states that in implementing GCC there are still several obstacles such as communication, lack of understanding among users, and internal coordination within work units. Other research conducted (Yulianti and Nurhazana,2021) related to the effectiveness of GCC in increasing transparency in increasing state financial transparency at the KPPN Dumai by using qualitative methods, states that using

GCC is considered transparent in managing state finances, because it can be judged from the GCC work system itself. Meanwhile, in the process of implementing the GCC, the readiness of the work unit has not been maximized, so there is still a need for treasury development in the regions, so that GCC can be well received in using them.

In addition, research conducted by Yadnya (2022) using the regression analysis method said that the expenditure treasurer's perception had a significant effect on performance in using a GCC because the expenditure treasurer had a high commitment in terms of affective, normative, and sustainable commitment. However, the expenditure treasurer's perception was also assessed from research (Sutiono and Said,2021) assessing that the expenditure treasurer's performance in using GCC was still below expectations due to the treasurer's complaint service not being implemented properly by the cooperating bank.

In some of the studies above there are still many deficiencies in implementing for expenditure treasurers in using GCC and described how the mechanism for the use process, and transparent reporting of transactions carried out by expenditure treasurers. Therefore, the researcher intends to conduct further research with the title "**Government Credit Card and Transparency of State Financial Management : Case Study Work Units of Ministries/Institutions in Work Area of the KPPN Pekanbaru.**" At present, there are still many Ministries/Institution Work Units in the KPPN Pekanbaru

work area that have not used the card due to one of the factors, namely being unprepared and not interested in the work unit spending treasurer to use a government credit card.

The KPPN Pekanbaru Office as the DJPb Province Riau vertical agency serves 301 work units which are divided into 4 regional divisions namely Pekanbaru City, Kampar Regency, Pelelawan Regency, and Rokan Hulu Regency. Of this amount, the target for using GCC by work units is required to use GCC in the KPPN Pekanbaru work area is still not optimal.

1.2 Problem Formulation

- a. How is the Implementation of GCC in Ministry/Institution Work Units in the KPPN Pekanbaru Office Work Area?
- b. How is the Spending Treasurer's Perception of the use GCC in Ministries/Institutions Work Units in the KPPN Pekanbaru Work Area?
- c. Can GCC be able to increase transparency in the management of state finances in the Ministries/Institutions Work Units in the KPPN Pekanbaru Work Area?

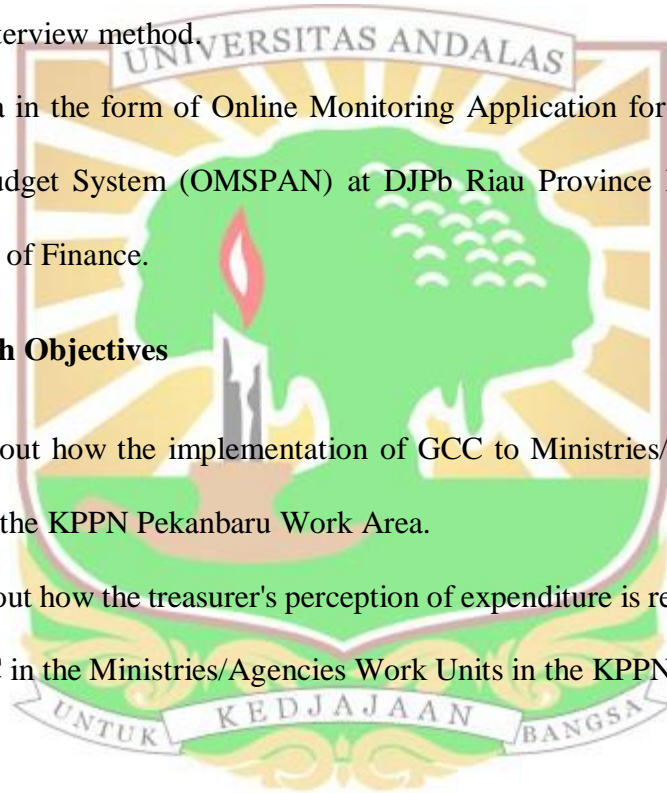
1.3 The scope of research

In order to be clearer and more focused, the writer needs to define the problems to be researched and discussed. Based on the background of the problem, the limitations of the problem in this study are:

- a. This research was conducted at Ministries/Agencies Working Units in the Working Area of the KPPN Pekanbaru.
- b. The object of research is the Trustees of GCC and Spending Treasurers with depth interview method.
- c. The data in the form of Online Monitoring Application for the Treasury and State Budget System (OMSPAN) at DJPb Riau Province Regulation of the Minister of Finance.

1.4 Research Objectives

- a. To find out how the implementation of GCC to Ministries/Institutions Work Units in the KPPN Pekanbaru Work Area.
- b. To find out how the treasurer's perception of expenditure is related to the use of the GCC in the Ministries/Agencies Work Units in the KPPN Pekanbaru Work Area.
- c. To find out whether the GCC can increase transparency in the management of state finances in Ministries/Institutions Work Units in the KPPN Pekanbaru Work Area.



1.5 Research Benefits

This research is expected to provide an overview of additional information and knowledge for academics, and for related parties and also for the researchers themselves. The benefits derived from this research are:

- a. For writers, this research can gain additional understanding and better know the functions and how the GCC is implemented for Ministries/Institutions Working Units.
- b. For academics, this research is expected to provide theory and literature development regarding GCC from all aspects of policy.
- c. For the State Treasury Service Office, this research is expected to provide information related to evaluating the use of GCC in several work units.

1.6 Systematic Discussion

Systematics in this thesis research is divided into five chapters, namely:

CHAPTER I: Introduction

Which describes the background of the researcher to choose to do this research, the formulation of the problem, the benefits of research, and the systematics of writing.

CHAPTER II: Literature Review

Contains a theoretical basis that supports research problems and previous research.

CHAPTER III: Research Method

Contains research design, the case, data collection method, and data analysis

CHAPTER IV: Results and Discussion

Contains Results and Discussion that describe the formulation of the problem in a thematic analysis with three main themes consisting of implementation, perception, and transparency.

CHAPTER V: Closing

Contains a closing explaining the conclusions obtained from the research results, implications, limitations in the research, and suggestions that can be considered for further research.

