Kilisuci International Conference on Economic & Business

Vol. 1 Year 2024

Implementation Cashless Policy To Minimize Fraud in the Installment Payment

Choirul Hana[1*], Yessy Kusumawati[2], Ita Yoeli Astari[3]

[1,2,3] University of Kahuripan Kediri, Jl. Pb. Sudirman No.25, Plongko, Pare, Pare Sub-district, Kediri Regency, East Java, 64212, Indonesia

choirulhana@kahuripan.ac.id*, yessykusumawati@kahuripan.ac.id, itayoeliastari@kahuripan.ac.id

*corresponding author

Article Information

Submission date	05 December 2023
Revised date	04 March 2024
Accepted date	31 March 2024

Abstract

Research aim: *This study aims to identify fraud prevention strategies by implementing a cashless policy in the installment payment.*
Design/Method/Approach: *To analyze the data and determine the relationship between the variables, OLS regression was used. Descriptive and inferential statistical information in the form of mean, standard deviation, Bi-variant correlation were the key guide in determining the relationship between the variables. The result of the ANOVA on the level of significance was used to decide on whether or not to accept the hypothesis formulated for this study.*
Research Finding: *The result of this study is that installment payment system innovations have led to changes in payment options by switching to non-cash transactions that are safer, more effective, and efficient. Cashless payments can prevent corruption, such as money laundering, bribery, and commissions for services or procurement.*
Theoretical contribution/Originality*: As a reference for further research.*
Practitionel/Policy implication: *cashless transactionthat are safer, more effective and efficient, prevent corruption.*
Research limitation: *Cashless Policy in the instalment payment.*
Keywords: *Cashless policy, Fraud, Installment Payement*

1. Introduction

The rate of rapid development at global level has been so dynamic that it touches all aspects of human venture. The business sector and the banking industry in particular are not left out. Since the art of interdependency became prominent, various transaction methods have been adopted in daily businesses starting with trade by barter. The barter system laid the foundation for the introduction of an acceptable medium of exchange (money). The use of money and coins solved the problem of double coincidence of wants and indivisibility, which were its major disadvantages. Moreover, the use of money has solved most of the challenges posed by trade by barter, yet as an exchange medium, it has its own challenges.

An outcome of the study carried out by the Bankers Committee to identify the cost drivers and preferred solutions to cash policies and cash-based transactions. was This banking policy aimed at reducing (not eliminating) the amount of physical cash (coins and notes) circulating in the economy and encourage the use of electronicbased methods for daily transactions (payments for goods, services, transfers, etc.

After introduction, the policy was expected to encourage the use of less physical cash by making use of electronic-based methods and cheque payments for goods and services as the alternative to cash payments. Electronic based transactions are a major tool used to discourage high circulation of cash in an economy.

1.1. Statement of Problem

The target of this research is to make an evaluation of some pre and post-implementation Cashless transaction since (2016-2019). Specifically the study targets:

a. Determining the relationship between the tools of cashless policy, which are Automated Teller Machine (ATM), Mobile Banking Transactions (MBT), Web transactions (WEB)
b. Assessing the impact of cashless policy implemented.

To enhance an effective analysis the following developed hypothesis was tested in this research to guide in achieving the objective of the work:

H01: There are no significant relationships between the individual tools of cashless policy.
H02: There is no significant impact of the tools of cashless policy with installment payment.

1.2. Research Objectives

This study aims to identify fraud prevention strategies by implementing a cashless policy in the installment payment.

2. Method

Non-bank financial institutions as the targeted population and sample of the study. Secondary data mostly collected from the annual reports of was used as the major source of data. Two major variables were used: pembayaran angsuran (dependent variable) and tools of CLP (independent variable). Under the tools of CLP 3 observations which include: ATM, WEB, Mobile banking; selected mainly because they are the main instruments used non bank financial institution to limit physical cash carriage. The study used pembayaran angsuran as its dependent variable because we aim to see the effect of the tools of CLP installment payment. There is no doubt, that the major purpose of CLP is reduction of the amount of physical cash carried around for transaction purposes. Thus, the total cash in circulation ultimately becomes the cause of disagreement. For the purpose of this research, we define the total cash in circulation as made up of all the cash outside banks, since the policy is targeted toward cash carriage.

To analyze the data and determine the relationship between the variables, OLS regression was used. Descriptive and inferential statistical information in the form of mean, standard deviation, Bi-variant correlation were the key guide in determining the relationship between the variables. The result of the ANOVA on the level of significance was used to decide on whether or not to accept the hypothesis formulated for this study.

3. Results and Discussion

The study looks at the relationship between installment payment and tools of CLP and between the tools of CLP. The installment payment is given as a summation of all payment non cash. total payment non cash is ATM + WEB + MBT.

Table 1. Installment Payment

YEAR	2016N' billion	2017N' billion	2018N' billion	2019N' billion
ATM	548.60	954.00	1,561.80	1,984.70
WEB	84.20	99.50	58.00	31.80
MBT	1.30	6.70	20.50	31.50

Source: Compiled from Annual Reports 2016 – 2019

The degree of correlation between Installment payment and the observations of the tools of CLP is acceptable as it gives values of 0.984, -0.804 and 0.958 for ATM, WEB and MBT respectively. Results for ATMand MBT are almost perfectly correlated. However, while a positive correlation exists between Installment payment and ATM, an inverse relationship is what is shown between WEB. The implication is that increase or decrease in the use of ATM and MBT will lead to a corresponding increase or decrease in installment payment. However, increase or decrease in WEB will lead to a fall in installment payment.

Of greater importance however, is the correlated level of significance of the correlation results. While of the results insignificant is WEB , the other variables of ATM and MBT showed results of 0.016 and 0.042 respectively; all at 10% level of significance. This implies that only ATM and MBT may have any influence over the instalment payment.

There is also a very high degree of collinearity among the independent variables collinearity value of -0.376, 0.108 and -0.347 for ATM, WEB and MBT respectively. All other independent variable showed high collinearity values of between 0.65 and 0.99 . Because of the high level of collinearity and perfect fitness between ATM, WEB and MBT; the influence cannot be computed.

The analysis showed an adjusted R2 value of 90.6%. This result shows that there is a very high level of influence of the tools of CLP on instalment paymet. However, the result is not significant (0.177) and cannot be used as a predictor of the relationship between the variables. The model fitness is however, acceptable as it gives values of -0.60 and +0.60 .The coefficient of the study showed that for every N262 increase in the use of ATM and N149 will increase by N1000. Thus, supporting the assertion that an insignificant relationship exists between instalment payment and tools of cashless policy.

The hypothesis that an insignificant relationship exists between the individual tools of CLP is partly supported and partly rejected because of mixed findings. While the correlated association between ATM-instalment payment, WEB-instalment payment, and MBT-instalment payment are insignificant, the association between ATM-WEB, ATM-MBT and WEB-MBT proved to be significant. In summary, our outcome partly supports and partly rejects both hypotheses.

4. Conclusion

Non bank financial institution acceptance of CLP is a new development. Introduced in 2016, the policy has been hurriedly imposed on both the banks and customers. This has

indeed had some impact on business transactions, the population, as well as currency circulating outside banks. It is the latter that this study was undertaken to determine.

With the high rate of illiteracy and rural population, the general acceptance of CLP will take time. Of the many global CLP tools available, only 3 were used for instalment payment. The ATM remains the only popular instrument among customers.

The outcome of the study shows that of the instruments of CLP applied in not a single one have any significant relationship with instalment payment, mainly due to the high collinearity between the tools of CLP.

References

[1] Agbonifo OC, Adeola SO, Oluwadare SA. An assessment of the role of ICT in the readiness of Nigerian bank customers for the introduction of Cashless transactions. International Journal of Computing and ICT Research 2012;6.

[2] Ebipanipre GM, Uyoyou KO. An empirical analysis of the benefits of Cashless economy on Nigeria's economic development. Research Journal of Finance and Accounting 2013;4.

[3] Ejiofor VE, Rasaki JO. Realizing the benefits and challenges of Cashless economy in Nigeria: its perspective.International Journal of Advances in Computer Sciences and Technology 2012;1.

[4] Fidelis CO, Francis AO, Samuel CA, Frank EO, Calister NM. Enhanced modified security framework for Nigeria Cash less e-payment system. International Journal of Advanced Computer Science and Applications 2012;3.

[5] Ikpefan OA, Ehimare OA. Fast tracking business transactions through Cashless economy in Nigeria: benefits and challenges. The Nigerian Banker April-June 2012:17-26.

[6] James AO. Going Cashless: adoption of mobile banking in Nigeria. Arabian Journal of Business and Management Review (Nigeria Chapter) 2013;1.

[7] Maitanmi O, Awodele O, Ogbonna C, Osundinna S. Cashless society: Drive's and challenge in Nigeria. International Journal of Information Sciences and techniques 2013;3.

[8] Nwanko O, Eze OR. Electronic payment in Cashless economy of Nigeria: problem and prospect. Journal of Management and Research 2013;5.

[9] Ochel LO. Effective strategies for monitoring and controlling overspending in a Cashless society: Lessons for citizenship empowerment. African journal of computing and ICT 2012;5.

[10] Okey OO. The Central Bank of Nigeria's CLP in Nigeria: benefit and challenges. Journal of Economics and Sustainable Development 2012;3.

[11] Oginni SO, El-Mande JG, Mohammed A, Michael EO. Electronic payment system and economic growth: A review of transition to Cashless economy in Nigeria. International Journal of Scientific Engineering and Technology 2013;2.

[12] Okoye PVC, Raymond E. An appraisal of Cashless economy in development of Nigeria economy research. Journal of Finance and Accounting 2013;4.

[13] Olanipekun WD, Briamah AN, Akanni LF. Integrating Cashless economic policy in Nigeria: challenges and prospects international. Journal of Business and Behavioral Sciences 2013;3.

[14] Oluwasogo AO. Cash-less economy policy enforcement: using Bayes' theorem to prevent multiple opening of bank accounts. Journal of Information Engineering and Application 2013;3.

[15] Omotunde M, Sunday T, John-Dewole AT. Impact of Cashless economy in Nigeria greener. Journal of Internet, Information and Communication Systems 2013;1:040-043.

[16] Princewell NA, Anuforo R. Shifting policy paradigm from cash-based economy to Cashless economy the Nigeria experience. Afro Aslan Journal of Social Sciences 2013;4.

[17] Tajudeen JA. The effect of CLP of government on corruption in Nigeria. International Review of Management and Business Research 2013;2.

[18] Umeano CD. CLP in Nigeria: An overview Bullion Publication of the Central Bank of Nigeria 2012;36.

[19] Yaqub JO, Bello HT, Adenuga IA, Ogundeji MO. The CLP in Nigeria prospects and challenges international. Journal of Humanities and Social Sciences 2013;3.