

The Role of Payment Tools Using Card to Stability of Sharia Banking Financial System

Syahrijal Hidayat¹, Endrianur Rahman Zain²

^{1,2}Sekolah Tinggi Ilmu Ekonomi Muhammadiyah Asahan, Sumatera Utara, Indonesia
syahrijalhidayat528@gmail.com, endrianur@gmail.com

Abstract

The financial system has a very strategic role in supporting economic activities. The financial system which is part of the economic system carries out an intermediary function that allocates funds from parties who experience excess funds (surpluses) to those who lack funds (deficit). Islamic financial system is a financial system that bridges between those who need funds and those who are excess funds through financial products and services that are in accordance with Islamic principles. The Development of Card Based Payment Instruments in Indonesia and the development of sharia banking in Indonesia experienced harmonious and positive growth from 2012 to 2020. If it is associated with the development of Card Based Payment Instruments that the author can conclude that the use of electronic cards such as credit cards, cards ATM and ATM debit cards have a very important and positive role for the development of sharia banking financial stability, namely sharia banking business activities because the use of electronic cards will further enhance sharia banking business activities, namely funding, lending, and services.

Keywords

card based payment instrument;
financial stability; islamic
banking



I. Introduction

The financial system has a very strategic role in supporting economic activity. The financial system, which is part of the economic system, performs an intermediary function that allocates funds from parties experiencing excess funds (surplus) to those with deficits. Therefore, in order to carry out its intermediation function optimally, a stable and efficient financial system is required. An unstable and inefficient financial system is very susceptible to various shocks that can disrupt the rotation of the economy. Stability in the financial system needs to be continuously improved and maintained because it is a very important aspect in shaping and maintaining a sustainable economy (Endri, 2009). Financial statements are basically a source of information for investors as one of the basic considerations in making capital market investment decisions and also as a means of management responsibility for the resources entrusted to them (Prayoga and Afrizal 2021).

At this time the development of technology has grown very rapidly, the payment system is also experiencing rapid development. One of the current payments with the change in payment systems using cash has switched to payment systems using electronic cards. The development of this payment system can be seen from the increasing volume of transactions made by the public using electronic cards. Payment systems evolved from payments using cash to non-cash payment systems based on paper / giro (checks, bilyet giro, debit notes, etc.) to electronic card-based payments. In the world of economy, the payment system is a very important component of both business, buying and selling, financial institutions and other transactions that occur in society.

Card-based payment instruments are non-cash payments using credit cards, debit cards, and ATM cards, which have become the people's newest lifestyle and choice in transactions. Card-based payment instruments emerged in Indonesia because people felt uncomfortable and inefficient using pre-existing payment instruments. The purpose of this electronic card is to make it easier for the public to transact and to assist the government in reducing the use of banknotes and coins which can increase the rate of inflation in society. After that, Bank Indonesia set up a National Payment Gateway (NPG) as an effort to increase the efficiency of retail and micro payments. Two forms of National Payment Gateway (NPG) are the national interconnection of ATM services and banking EDC machines.

As the development of non-cash payment systems using instruments through Card-Based Payment Instruments is growing rapidly, an increase in card-based non-cash transactions (such as ATM, credit cards, and debit cards) can stimulate economic activity. Meanwhile, on the other hand, the needs of the community and the interest of the community for non-cash transactions are increasingly excited. Given that non-cash transactions have benefits that are quite practical, efficient and safe enough when transacting in large enough quantities. This is in line with the central bank's goal of creating a cashless society and to encourage the public to do more non-cash transactions, in order to reduce bribery and money laundering (Tina Hirmawati, 2013).

Non-cash developments have increased from year to year, in addition to being supported by technological advances, there are changes in people's lifestyles and the development of innovations adding to the types of non-cash transactions. In modern times like today, practicality is very important. For financial needs, there are now a lot of technologies that can be used, for example the development of e-money. E-money facilitates and supports the needs of human activities in many ways, for example paying tolls, general transactions such as buying credit and shopping. In contrast to ATM cards, debit cards and credit cards that are directly connected to the user's account, transactions via e-money are not connected to the user's account but have their own pocket that can be refilled by top-up (Nastiti Ninda Lintangari et al, 2017).

Based on Bank Indonesia Regulation Number 19/8/PBI/2017 concerning National Payment Gateway (NPG), a system consisting of standards, switching and services built through a set of rules and mechanisms (arrangement) to integrate various instruments and channels payment nationally (Bank Indonesia Regulation, 2017). Bank Indonesia (BI) is currently working with all banks in Indonesia to introduce the National Payment Gateway to all Indonesians in order to improve payment service efficiency. Through Bank Indonesia Regulation Number 19/8 / PBI / 2017 concerning National Payment Gates, Bank Indonesia wants to remove the barrier between the systems owned by each bank in Indonesia.

Islamic banking is a bank institution that is managed with Islamic principles. The presence or establishment of Islamic banking, should depart from objective conditions with the existence of the people's decision or economic demands. Then, for an Islamic bank to survive and develop, its institutional management must be credible and the implementation of its business activities must be professional (Ariadin et al, 2020). The development of Islamic banks in Indonesia, of course, there must be support from quality human resource management. Because, it is not possible for a sharia bank to achieve success without qualified HR management. (Tarigan, 2020)

According to the author's opinion, if the Card-Based Payment Instrument is increasing every year, it will affect the Islamic banking financial system in terms of raising funds from the public (funding), channeling funds to the public (lending), and providing services to customers. The more people use Card-Based Payment Instruments, the more it

will increase the Sharia Bank Fee Based Income from the service sector. This of course will further enhance and strengthen the stability of the Islamic banking financial system.

Based on the descriptions above, the authors argue that the role of Card-Based Payment Instruments is very important for the stability of the Islamic banking financial system in Indonesia. Hopefully, with the increasing number of Indonesians using Card-Based Payment Instruments, it can increase the income of Islamic banking and increase funding, lending and service activities in Islamic Banking.

II. Review of Literature

2.1 Bank Indonesia

Bank Indonesia is the Central Bank of the Republic of Indonesia and is a legal entity that has the authority to take legal actions. Bank Indonesia is led by the Board of Governors in carrying out its duties and powers. This Council consists of a Governor as leader, assisted by a Senior Deputy Governor as a representative, and at least four or a maximum of seven Deputy Governors. In the Bank Indonesia Law, the objective of Bank Indonesia is to focus on maintaining the stability of the rupiah value, which is reflected in the low inflation rate and exchange rate stability. In achieving this goal, Bank Indonesia is fully authorized to set monetary targets by taking into account economic developments both domestically and abroad as well as the instruments to be used (Kasmir, 2014).

2.2 Sharia Banking

Sharia Banking is everything concerning Sharia Banks and Sharia Business Units, including institutions, business activities, methods and processes in carrying out their business activities. Islamic banking or Islamic banking is a banking system based on Islamic sharia principles. Islamic banking implements profit and risk sharing between fund providers (investors) and users of funds (entrepreneurs) (Adi Susilo Jahja and Muhammad Iqbal, 2012).

2.3 Sharia Financial System

The Islamic financial system is a financial system that bridges those who need funds and those who have excess funds through financial products and services that are in accordance with sharia principles. The main objective of the Islamic financial system is to remove interest from all financial transactions and carry out its activities in accordance with sharia principles, fair and equitable distribution of wealth, and progress in economic development (Shinta Dewianty, 2012).

2.4 Non Cash Transactions (Electronic)

Electronic money is the embodiment of a modern banking system that uses a Card-Based Payment Instrument system. As for the definition of electronic money according to Bank Indonesia Regulation No. 16/8 / PBI / 2014 is a payment instrument that meets 4 (four) elements, namely:

- a. Issued on the value of money that has been deposited in advance to the issuer.
- b. Value of money stored electronically on a media server or chip.
- c. As a means of payment to merchants who are not the issuers of the electronic money.
- d. The value of electronic money managed by the issuer is not a deposit as referred to in the law governing banking (Sheren Chamila Fahmi, 2016).

III. Research Methods

3.1 Method of Collecting Data

The author uses the data collection method in this study, namely by studying the literature. Literature study here means that the author obtains data sources from books, journals, Bank Indonesia regulations, data on the development of card-based payment instruments from the Bank Indonesia website (www.bi.go.id), Islamic banking statistics data sourced from the Financial Services Authority website. (www.ojk.go.id), and other sources.

3.2 Data Analysis

This type of research is a qualitative research. The data analysis in this study is to compare the development of Card Based Payment Instruments with the development of Islamic banking in Indonesia.

IV. Result

From the author search on the official website of Bank Indonesia in 2020, it shows that public interest and the business world have increased every year in the use of non cash payment instruments. The development of Card Based Payment Instruments from 2012 to 2020 can be seen in the table below:

Table 1. Development of Card-Based Payment Instruments 2012 - 2020

No.	Year	Credit Card	ATM Card	ATM Card + Debit
1.	2012	14.817.168	4.533.187	73.219.365
2.	2013	15.091.684	6.292.164	83.170.125
3.	2014	16.043.347	7.189.917	98.638.287
4.	2015	16.863.842	7.330.388	112.948.818
5.	2016	17.406.327	8.361.351	127.786.999
6.	2017	17.244.127	8.815.007	155.663.442
7.	2018	17.275.128	8.847.011	152.482.094
8.	2019	17.487.057	8.979.878	174.445.472
9.	2020	16.940.040	9.504.454	204.102.815

Source: Bank Indonesia (www.bi.go.id)

Table 1 above shows that the development of Card Using Payment Instruments in 2012 - 2020 continues to experience positive growth, both credit cards, ATM cards, and debit ATM cards. Credit cards have experienced positive growth from year to year, in 2012 it grew by 14.817.168 and experienced a growth of 16.940.040 in 2020. There was a credit card growth of 2.122.872 over a period of 9 (nine) years. Likewise, the development of ATM cards from 2012 amounted to 4.533.187 and experienced a growth in 2020 amounting to 9.504.454. This means that there has been a significant growth in ATM cards of 4.971.267 over a period of 9 (nine) years. The developments that occurred in ATM + debit cards from 2012 amounted to 73.219.365 and experienced a growth of 204.102.815 in 2020. This means that there has been a very significant growth in debit ATM cards of 130.883.450 over a period of 9 (nine) years. With the increasing number of people using

Card Based Payment Instruments, it is hoped that it can increase community business activities, both small and large, and especially Indonesia's economic growth.

Table 2. Development of Sharia Banking Business Activities 2012 - 2020 (Billion Rupiah)

No.	Year	Funding	Lending	Service
1.	2012	147.512	147.505	3.071
2.	2013	183.534	184.122	5.736
3.	2014	217.858	199.330	7.715
4.	2015	231.175	212.996	8.754
5.	2016	279.335	248.007	14.395
6.	2017	334.888	285.695	7.153
7.	2018	371.828	320.193	9.737
8.	2019	416.558	355.182	8.299
9.	2020	465.977	383.944	7.079

Source: Financial Services Authority (www.ojk.go.id)

Table 2 above is a table of developments in sharia banking business activities, namely the development of Islamic Commercial Banks and Sharia Business Units from 2012 to 2020. This sharia banking business activity is an intermediary activity of sharia banking, namely collecting funds from the public (funding), channeling funds to community (lending), and income derived from service income (fee based income) obtained from other operating income.

Table 2 above shows that the development of Islamic banking funding from 2012 to 2020 continues to experience positive growth from year to year. In 2012 the funding of Islamic banking was Rp. 147.512 billion and in 2020 amounting to Rp. 465.977 billion. There was a positive growth of Rp. 318.465 billion in the last 9 (nine) years. This indicates that funding activities in Islamic banking have received a good response from the public with increasing growth rates every year and good education from the Islamic banking sector to the public regarding savings, time deposits and current accounts products contained in Islamic banking.

Likewise, the development of sharia banking lending from 2012 to 2020 also continues to experience positive growth from year to year. In 2012, sharia banking lending was Rp. 147.505 billion and in 2020 amounting to Rp. 383.944 billion. There was a positive growth of Rp. 236.439 billion in the last 9 (nine) years. This also shows that lending activities in Islamic banking have also received a good response from the public and also good education from the Islamic banking sector to the public regarding Islamic banking financing products such as murabahah financing, mudharabah financing, musyarakah financing, ijarah financing, and financing others contained in Islamic banking.

Another case with the development of other operating income in sharia banking, which originated from services provided by sharia banking to the public, has fluctuated from 2012 to 2020. In 2012, other operating income from sharia banking services amounted to Rp. 3.071 billion and in 2020 other operating income from sharia banking services is Rp. 7.079 billion. This means that there is a positive growth of Rp. 4.443 billion in the last 9 (nine) years. Other operating income from sharia banking services was highest in 2016 amounting to Rp. 14.395 billion and other operating income from sharia banking services, the lowest occurred in 2012.

From the data on the development of Islamic banking above, it shows that the Islamic banking financial system has tended to be stable and increased in the last 9 (nine) years. This can be seen from the development of funding, lending, and services which are

increasing every year. If it is related to the development of Card Using Payment Instruments from table 1 above, it can be concluded that the use of electronic cards such as credit cards, ATM cards, and ATM + debit cards has a very important and positive role for the development of financial stability in Islamic banking, namely banking business activities. sharia because the use of electronic cards will further increase Islamic banking business activities, namely funding, lending, and services. Sharia banking, namely Sharia Commercial Banks and Sharia Business Units, are the most comprehensive Sharia Banks in providing products and services to the public.

V. Conclusion

- 1) The development of Card Based Payment Instruments in Indonesia and the development of Islamic banking in Indonesia have experienced harmonious and positive growth from 2012 to 2020.
- 2) If it is related to the development of Card Using Payment Instruments, the writer concludes that the use of electronic cards such as credit cards, ATM cards, and ATM + debit cards has a very important and positive role for the development of financial stability in Islamic banking, namely sharia banking business activities due to The use of electronic cards will further increase Islamic banking business activities, namely funding, lending, and services.

Acknowledgment

Our gratitude goes to the Deputy for Strengthening Research and Development of the Ministry of Research and Technology / the National Research and Innovation Agency for funding the Beginner Lecturer Research for the 2021 implementation year.

References

- Ariadin, et al. (2020). Shari'ah Compliance Rights in Implementation of Legal Principles on Shari'ah Banking. Budapest International Research and Critics Institute-Journal (BIRCI-Journal) Volume 3, No 2, Page: 1530-1541.
- Bank Indonesia. (2017). Peraturan Bank Indonesia Nomor 19/8/PBI/2017 tentang Gerbang Pembayaran Nasional (GPN).
- Bank Indonesia. (2021). Perkembangan Alat Pembayaran Menggunakan Kartu (APMK) Tahun 2012 - Tahun 2020. Onilne: www.bi.go.id.
- Dewianty, Shinta. (2012). Sistem Lembaga Keuangan Shari'ah. Economic: Jurnal Ekonomi dan Hukum Islam, Volume 2 Nomor 1.
- Endri. (2009). Penguatan Stabilitas Sistem Keuangan Melalui Peningkatan Fungsi Intermediasi dan Efisiensi Bank Pembangunan Daerah (BPD), Jurnal Keuangan dan Perbankan, Volume 13 Nomor 1.
- Fahmi, Sheren Chamila. (2016). Skripsi: Analisis Faktor-Faktor yang Mempengaruhi Preferensi Masyarakat Menggunakan Transaksi Tunai (Studi Kasus Mahasiswa 5 Perguruan Tinggi di Yogyakarta). Yogyakarta: Fakultas Ekonomi dan Bisnis Universitas Muhammadiyah Yogyakarta.
- Hirmawati, Tina. (2013). Analisis Pengaruh Penggunaan Alat Pembayaran Menggunakan Kartu (APMK) Sebagai Instrumen Pembayaran Non Tunai Terhadap Permintaan Uang M1. Surakarta: Fakultas Ekonomi dan Bisnis Universitas Muhammadiyah Surakarta.

- Jahja, Adi Susilo dan Iqbal, Muhammad. (2012). Analisis Perbandingan Kinerja Keuangan Perbankan Syariah Dengan Perbankan Konvensional, *Jurnal Episteme*, Volume 7 Nomor 2.
- Kasmir. (2014). *Dasar-Dasar Perbankan*. Jakarta: PT. Raja Grafindo Persada.
- Lintangsari, Nastiti Ninda et al. (2017). Analisis Pengaruh Instrumen Pembayaran Non Tunai Terhadap Stabilitas Sistem Keuangan di Indonesia. *Jurnal Dinamika Ekonomi Pembangunan*, Volume 2 Nomor 1.
- Otoritas Jasa Keuangan. Statistik Perbankan Syariah Tahun 2012 - Tahun 2020. Online: www.ojk.go.id.
- Prayoga I., and Afrizal, T. (2021). Perceptions of Educators, Accounting Students and Accountants Public Accountant against Ethics of Financial Statement Preparation (Studies at University and KAP in Semarang). *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*. P. 89-101.
- Taarigan, N. et al. (2020). The Effect of Employee Competence on Increasing Employee Motivation in Sumut Bank of Sharia Unit, North Sumatera. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*. P.858-867