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Implementation of Sharia Good Governance through Non-Cash Payment Systems

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ABSTRACT

This study aims to explore the implementation of a cashless payment system at the Ministry of Religious Affairs of the Republic of Indonesia in the Central Sulawesi region and its relationship to the implementation of Sharia-based good governance. Using a qualitative approach and phenomenological methodology, this study explores the subjective experiences of stakeholders directly involved in the management and implementation of the cashless payment system. Data were collected through in-depth interviews with heads of work units, Commitment Making Officers (PPK), State Treasurers, and Sharia economic experts, as well as field observations to understand the practical implementation of this system. The results indicate that the implementation of a cashless payment system can improve administrative efficiency and transparency in financial management, which aligns with the principles of good governance, such as accountability and transparency. However, this study also identified significant challenges, including limited digital infrastructure and technological literacy in some regions, which hamper wider implementation. Furthermore, although this system supports Sharia values in terms of reducing transactions containing elements of riba (usury) and maysir (gambling), there is still room for improved oversight to ensure transactions are completely free from practices that are inconsistent with Sharia principles. In conclusion, the implementation of a non-cash payment system has great potential to support Sharia-based good governance in the public sector, but requires strengthening infrastructure, training, and stricter supervision to ensure its success.

1. Introduction

Digital transformation has penetrated various sectors, including public financial management, which has begun to transform by adopting technology to increase efficiency and transparency, particularly in state financial management (Maroufkhani, Desouza, Perrons, & Iranmanesh, 2022; Zaki, 2019). One technology used to achieve this goal is the Cash Management System (CMS), or MCM, a business internet banking service that enables government agencies to conduct financial transactions online. CMS facilitates the management of government funds in a more efficient and controlled manner, allowing agencies to monitor, manage, and transfer funds in real time. This is highly relevant to increasing accountability and transparency in budget management in the public sector. The implementation of CMS is also in line with efforts to realize good governance, which includes the principles of transparency, accountability, and public participation in financial management. As part of good governance, the application of sharia principles in public payment systems is gaining increasing attention. Sharia principles emphasize the importance of fairness, prohibit transactions containing elements of usury, maysir (gambling), and gharar (uncertainty), and support the principles of transparency and accountability in public financial management.

In the context of government, the implementation of a cashless payment system is expected to strengthen the principles of good governance, such as transparency, accountability, and public participation. However, challenges arise when integrating this system with Sharia values, given the importance of ensuring that public financial transactions comply with Islamic economic principles.

This research focuses on the implementation of a non-cash payment system at the Indonesian Ministry of Religious Affairs in Central Sulawesi, with the aim of exploring how this system can achieve Sharia-based good governance. Using a phenomenological approach, this study aims to understand the experiences and perceptions of stakeholders regarding the implementation of a non-cash payment system and its impact on Sharia principles in public financial management.

The significance of this research lies in its contribution to filling the gap in the literature regarding the integration of digital payment systems with Sharia principles in a government context. The results are expected to provide insights for policymakers, practitioners, and academics in designing and implementing a public financial system that is not only efficient and transparent but also compliant with Sharia values.

2. Literature Review

2.1 Non-Cash Payments in Government Financial Management

Cashless payment systems, including the use of electronic money (e-money) and QRIS-based applications, have been adopted across various public sectors to improve transparency, efficiency, and accountability (Raffertya & Fajarb, 2024). Bank Indonesia introduced the National Non-Cash Movement (GNNT) in 2014, aiming to modernize payment systems and digitize financial transactions in the public sector. In this context, cashless payment systems serve to reduce the use of cash, which is prone to misuse and irregularities (Samonte, Ibarreta, Ilagan, & Justo, 2024) . Critical Evaluation: The article by Bank Indonesia (2018) provides a good overview of the GNNT policy and the role of electronic money in the public sector. However, there is no in-depth discussion of the impact of this system on financial management in local government agencies, particularly in budget management and transparency related to sharia principles.

2.2 Good Governance in Public Financial Management

Good governance is a concept encompassing transparency, accountability, participation, and efficiency in the management of public resources (Harrison & Sayogo, 2014; Mudacumura, 2014). In government financial management, the application of good governance principles is crucial to creating a fair and transparent system. According to Bhuiyan, Akter, & Islam (2024) and Putrevu & Mertzanis (2023), the implementation of a cashless payment system in the public sector can strengthen these principles by ensuring that financial transactions are clearly recorded and can be directly monitored. Critical Evaluation: A study conducted by Bugár & Somogyvári (2025) and Hussain, Gupta, & Bhardwaj (2024) provides insight into the integration of digital payment systems with good governance principles. However, this study focuses more on theoretical concepts and does not provide a more detailed empirical discussion of the implementation of this system in the public sector, particularly in the context of Sharia law.

2.3 Sharia Principles in Public Finance

The application of Sharia principles in public finance focuses on the fulfillment of the principles of justice and the prohibition of usury (riba), gambling (maysir), and gharar. Taufik Syamlan et al. (2025) explain that Sharia principles in government financial management are crucial to ensuring that transactions do not involve elements prohibited by Islam. This is relevant to the use of electronic money, which must be monitored to ensure that transactions do not involve elements of usury or speculation (maysir). Critical Evaluation: Although Azizah (2023) provides an in-depth understanding of the integration of Sharia law into digital finance, this study focuses more on the legal aspects and does not address the practical challenges of implementing a Sharia-based cashless payment system in the public sector. Further research is needed to explore concrete implementation within government agencies.

2.4 Digital Infrastructure in the Implementation of Non-Cash Payments

One of the main challenges in implementing cashless payment systems in the public sector is the unequal distribution of digital infrastructure, particularly in remote areas. Rachman et al. (2024) identified that while cashless payment systems can improve efficiency and transparency, infrastructure constraints, such as limited internet connections and accessibility of suitable devices, pose significant barriers. Furthermore, digital literacy among government employees also needs to be improved to ensure optimal adoption of these systems. Critical Evaluation: The findings by Shuang, Gan, Xiang, & Wen (2025) regarding infrastructure challenges are highly relevant to the Indonesian context, which has regions with digital disparities. However, this study focuses more on macro-level analysis, while more in-depth research at the government agency level is needed to understand how these challenges are addressed in practice.

3. Methodology

This study aims to explore the implementation of a non-cash payment system at the Indonesian Ministry of Religious Affairs in Central Sulawesi from a Sharia-based perspective of good governance. The research approach used was qualitative, using phenomenological methods (Alam, 2021; Berg, 2001; Creswell, 2014). This method was chosen because it allowed researchers to explore the experiences and subjective views of informants directly involved in the implementation of the non-cash payment system in government agencies, as well as how the application of Sharia principles is reflected in this practice. This study utilizes qualitative research, aiming to understand the phenomenon at hand in depth and complexity. The phenomenon in question is the implementation of a cashless payment system at the Indonesian Ministry of Religious Affairs in Central Sulawesi. Qualitative research was chosen because it explores social and cultural phenomena that cannot be measured quantitatively and emphasizes understanding the broader social context.

A phenomenological approach was used to explore individuals' experiences and perceptions of the implementation of this cashless payment system, as well as how they interpret the application of Sharia principles in government financial management. Phenomenology allows researchers to understand the meanings informants attach to the phenomena they directly experience.

This research followed a systematic and structured procedure to ensure the validity, reliability, and integrity of the results. The steps followed in this study were as follows:

1. **Research Preparation**
    1) **Formulation of Research Objectives**: The main objective of this study is to explore the implementation of a sharia-based non-cash payment system in the Ministry of Religious Affairs of the Republic of Indonesia, Central Sulawesi Region, and to understand the challenges and impacts of this system on the principles of good governance in public financial management.
    2) **Selection of Methods and Instruments**: The researchers chose in-depth interviews and field observations as the primary instruments for data collection. These tools allowed them to obtain in-depth and contextual information from informants directly involved in the implementation of the payment system.
2. **Informant Selection**

    The researchers used a purposive sampling technique, which selects informants based on specific criteria relevant to the research topic. The informants selected for this study were:
    1) **Head of SATKER (Work Unit)**who is responsible for budget management and the use of non-cash payment systems.
    2) **Commitment Making Officer (PPK)**, who has a role in managing financial transactions and budget supervision.
    3) **Treasurer**s who are directly involved in the operation of non-cash payment systems and financial recording.
    4) **Sharia economic expert**s who have an understanding of the application of Sharia principles in public finance.
3. **Data collection**
    1) **In-depth** interviews were conducted using a semi-structured interview guide that allowed researchers to delve deeper into informants' views and experiences regarding cashless payment systems. Interviews were conducted face-to-face or online, lasting between 45 and 60 minutes per session.
    2) **Field Observation**: Researchers conducted direct observations of the implementation of a non-cash payment system in several work units of the Indonesian Ministry of Religious Affairs in the Central Sulawesi region. These observations allowed researchers to directly observe how the system is implemented and identify challenges encountered in practice.
4. **Data Processing and Analysis**
    1) **Data Transcription and Checking**: All interviews were recorded and transcribed. The researchers then checked the data to ensure the accuracy of the collected data.
    2) **Data Coding**: Researchers coded the data to identify key themes emerging from interviews and observations. This process allowed researchers to group the data into categories relevant to the research objectives.
    3) **Thematic Analysis**. After the data were grouped, a thematic analysis was conducted to identify key themes related to the implementation of non-cash payment systems and the application of Sharia principles in financial management. This analysis helped identify emerging patterns in the informants' experiences with these systems.
    4) **Triangulation**: Researchers use triangulation to ensure data validity by comparing data obtained from interviews, observations, and related documents. This technique is also used to ensure that research results reflect the reality on the ground.
5. **Data Verification and Validation**
    1) **Source Triangulation**: Researchers compare interview results with field observations and documentation to confirm data consistency. This is done to verify that the findings are not derived from a single source of information.
    2) **Use of Member Check**: The researcher provided a summary of the interview results to several informants to ensure that the data collected accurately reflected their views.

3.3 Data Collection Techniques

1. **Semi-Structured Interview**
2. Semi-structured interviews allowed for flexibility in asking questions to guide the discussion and provided the opportunity for informants to share their experiences in depth. The interview guide focused on three main areas: the implementation of cashless payment systems, the challenges faced, and the application of Sharia principles in public financial management.
3. **Field Observation**
4. Researchers conducted direct observations in several work units to observe how the cashless payment system was implemented. Observations were conducted to determine any gaps between theory and practice in implementing this system and to identify any issues that may have gone unrevealed in interviews.

3.4 Data Analysis Techniques

Thematic Analysis

Data collected through interviews and observations were analyzed using a thematic analysis approach. The first step was to read all the collected data, then mark and group relevant information according to key themes such as transparency, accountability, and the implementation of sharia principles.

1. **Code Compilation**: Each theme found was coded and further analyzed to identify smaller sub-themes.
2. **Interpretation of Findings**: The coded data is interpreted by linking the findings to the research objectives and existing literature.

4. Results and Discussion

4.1 Key Findings: Implementation of Non-Cash Payment Systems

The study results show that the implementation of a non-cash payment system at the Ministry of Religious Affairs of the Republic of Indonesia in Central Sulawesi has had a positive impact on the efficiency and transparency of financial management. The non-cash payment system, based on MCM and CMS, enables faster, more secure transactions and can be monitored directly, improving administrative efficiency in budget management. This aligns with the objectives of the National Non-Cash Movement (GNNT) introduced by Bank Indonesia in 2014, which aims to introduce a transparent and efficient digital payment system in the public sector (Bank Indonesia, 2018).

The use of cashless payment systems also simplifies the reconciliation and financial reporting processes, which previously relied on error-prone manual methods. Informants in this study reported that the use of QRIS not only expedites the payment process but also strengthens accountability because every transaction is digitally recorded and can be monitored in real time.

Relevance to Literature. These results support the findings of Sarif and Ariyanti (2024), who showed that implementing a digital payment system in the public sector increases the efficiency and transparency of state financial management. However, this study also found that while this system is beneficial, its implementation requires adequate digital infrastructure.

4.2 Challenges in Implementing Non-Cash Payment Systems

While cashless payment systems offer numerous benefits, the study also identified several key challenges in their implementation. One of the biggest challenges is the limited digital infrastructure in some regions, which limits access to cashless payment platforms. Several work units in more remote areas reported difficulties accessing stable internet and devices that support digital payment systems.

Furthermore, digital literacy among some Ministry of Religious Affairs employees is also a challenge. Several informants reported that while they understand the purpose of using cashless payment systems, they feel unfamiliar with the technology and require further training to use them effectively. **Relevance to Literature**: This finding aligns with research by Rachman et al. (2024), which showed that one of the main obstacles to implementing cashless payment systems in Indonesia is the disparity in digital infrastructure across regions. This highlights the need to strengthen technological infrastructure at the regional level so that cashless payment systems can be implemented more equitably and effectively.

4.3 Application of Sharia Principles in Non-Cash Payment Systems

One of the primary objectives of this study was to evaluate the degree to which Sharia principles are incorporated into the cashless payment system introduced by the Ministry of Religious Affairs of the Republic of Indonesia in Central Sulawesi. The study found that although the system adheres to the principles of transparency and accountability, which are part of Sharia principles, the main challenge lies in monitoring transactions to ensure that there are no elements of riba (usury), maysir (gambling), or gharar (uncertainty) in the transactions.

According to informants involved in this research, although they strive to ensure that transactions are conducted in accordance with Sharia principles, there is still room for tightening oversight of certain types of transactions that may involve elements inconsistent with Islamic law. This is particularly true for transactions involving third parties or products whose halal certification is not fully guaranteed. This finding is consistent with research by Samosir (2024), which emphasized the importance of monitoring digital transactions to ensure that payment systems do not violate Sharia principles, particularly those potentially involving usury or speculation. The application of the Maqasid al-Shariah principle, which aims to protect religion, property, life, and intellect, is also highly relevant in this context. This research underscores the need for stricter oversight of non-cash payment systems to ensure their compliance with Sharia principles.

4.4 Comparison with Other Practices in Indonesia

The results of this study demonstrate similarities with the practice of implementing a non-cash payment system in the regional tax sector, as reported by Yuliana and Suryani (2024). Both studies indicate that the use of digital payment systems increases transparency and administrative efficiency. However, the main difference lies in the context of their use: the non-cash payment system in the tax sector focuses more on state revenue, while at the Ministry of Religious Affairs, the system is used to manage finances in the religious services sector and internal administration. This study provides an overview of how MCM systems can be implemented in the public sector, but also identifies unique challenges faced by government agencies focused on religious services. These findings are also relevant to the study by Yuliana and Suryani (2024), which emphasized the importance of coordination between various parties to ensure the successful implementation of digital payment systems in state financial management.

4.5 Implications for Contemporary Policy and Practice

This research shows that cashless payment systems have significant potential to support Sharia-based good governance in the public sector. Implementing these systems not only improves the efficiency and transparency of budget management but also strengthens accountability in state financial management. However, to maximize the benefits of these systems, greater efforts are needed in terms of training, supervision, and maintaining digital infrastructure throughout Indonesia, particularly in regions that still face challenges in accessing technology. These findings are highly relevant to contemporary practices promoting digitalization in the public sector to strengthen governance. Cashless payment systems like QRIS can serve as a model for the Indonesian public sector in achieving transparency and efficiency in financial management. However, infrastructure and digital literacy challenges remain obstacles that must be overcome for this system to be optimally implemented throughout Indonesia.

5. Conclusion

This study aims to explore the implementation of a non-cash payment system at the Indonesian Ministry of Religious Affairs in Central Sulawesi and its relationship to the application of Sharia-based good governance principles in public financial management. Based on the research results, several important conclusions can be drawn. The research results show that the implementation of a non-cash payment system based on CMS or MCM at the Indonesian Ministry of Religious Affairs in the Central Sulawesi region has successfully increased efficiency in managing financial transactions. This system allows transactions to be carried out more quickly, accurately, and in a controlled manner, thereby reducing administrative errors that often occur in cash payment systems. Furthermore, CMS or MCM also increases transparency because every transaction can be monitored in real time, which supports the principle of accountability in good governance.

5.2 Challenges of Digital Infrastructure and Literacy

Despite the significant benefits, this study also identified several significant challenges in implementing a cashless payment system. Limited digital infrastructure in some regions and low digital literacy among employees are key obstacles. Some work units in remote areas experience difficulties accessing stable internet connections and devices that support this payment system, while employees also require further training to optimize the use of the technology.

5.3 Implementation of Sharia Principles

The cashless payment system implemented by the Indonesian Ministry of Religious Affairs in the Central Sulawesi region already complies with basic sharia principles, such as transparency and accountability. However, the biggest challenge lies in monitoring transactions to ensure that there are no elements of riba (usury), maysir (gambling), or gharar (uncertainty). This suggests that while this system has the potential to support sharia principles, stricter oversight is still needed to ensure all transactions are fully compliant with Islamic law.

5.4 Relevance and Significance of the Research

This research makes a significant contribution to understanding the implementation of Sharia-compliant non-cash payment systems in the public sector, particularly in financial management within government agencies. The results show that while challenges such as infrastructure and digital literacy need to be addressed, non-cash payment systems can significantly benefit government performance in creating a more transparent, efficient, and accountable manner. Within the context of the literature, these findings support the argument that digitalization in the public sector can strengthen the principles of good governance and the implementation of Maqasid al-Shariah in state financial management.

5.5 Policy Implications

The results of this study also have significant implications for government policy in increasing the adoption of cashless payment systems across all government agencies. Strengthening digital infrastructure, improving employee training, and stricter oversight of the implementation of Sharia principles are key to optimizing the implementation of an effective and Sharia-compliant cashless payment system. Furthermore, this study highlights the importance of addressing the disparity in digital infrastructure in less developed regions to ensure equitable distribution of the benefits of digital payment systems.

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