ABSTRACT

The Rapid advancement of technology, systems, and payment instruments in Indonesia continues to evolve. Technological Progress and the evolution of societal lifestyles drive greater innovation in cashless transaction management. The role of cash as a payment method is gradually being replaced by more efficient and cost-effective non-cash payments due to technological advancements in payment instruments. This change has the potential to increase money circulation and impact inflation rates.

This research aims to analyze the impact of non-cash payments on inflation in Indonesia from January 2013 to December 2022 in both the short and long terms. Monthly data is utilized, focusing on the volume of debit/ATM card transactions, credit card transactions, and e-money transactions. The research relies on secondary data obtained from the websites of the Central Statistics Agency and Bank Indonesia. The analytical model employed is the Error Correction Model (ECM) using the EViews 12 software program.

The research findings indicate that the Volume of Debit/ATM Card Transactions has a significant negative impact on inflation in the long term, while in the short term, it has a positive but not significant effect on inflation. The Volume of Credit Card Transactions has a non-significant negative impact on inflation in the long term, while in the short term, it has a positive but not significant effect inflation. The Volume of E-money Transactions has a significant positive impact on inflation in the long term, whereas in the short term, it has a positive but not significant effect on inflation.

Keywords: Inflation, Non-cash Payment, Debit Card, Credit Card, E-money, Error Correction Model