

TABLE OF CONTENTS

THESIS APPROVAL	ii
ORAL EXAM REPORT	iii
STATEMENT OF ORIGINALITY	iv
ABSTRAK	v
ABSTRACT	vi
ACKNOWLEDGEMENTS.....	vii
TABLE OF CONTENTS.....	x
LIST OF TABLES	xv
LIST OF FIGURES	xvi
CHAPTER I INTRODUCTION.....	1
 1.1 Problem Background	1
 1.2 Research Problem	12
 1.3 Objective and Benefits	13
1.3.1 Objective	13
1.3.2 Benefit.....	13
 1.4 Systematic of Writing	13
CHAPTER II LITERATURE REVIEW.....	16
 2.1 Theoretical Literature	16
2.1.1 Economic Growth	16

2.1.1.1 Classical Theory	17
2.1.1.2 Neoclassical Theory	18
2.1.1.3 Schumpeter Theory	19
2.1.1.4 Endogenous Growth Theory	19
2.1.1.5 Keynesian Theory	20
2.2 Empirical Literature.....	24
2.3 Theoretical Foundation	32
2.3.1 Consumption Theory.....	32
2.3.2 Keynes Consumption Theory.....	33
2.3.3 Milton Friedman Consumption Theory	34
2.3.4 James Dusenberry Consumption Theory	35
2.3.5 Franco Modigliani Consumption Theory	36
2.3.6 Irving Fisher Theory	37
2.3.7 Pigou Theory.....	39
2.3.8 IS-LM Theory	40
2.3.9 Aggregate Demand.....	43
2.3.10 Aggregate Supply.....	44
2.3.11 Money Demand Theory	45
2.3.12 Money Supply Theory	48
2.3.13 Money Multiplier Theory.....	49
2.3.14 Velocity of Money Theory.....	51
2.3.15 Interest Rate	52
2.4 Relationship Between Variables	54

2.4.1 Relationship between Non-Cash Payments and Economic Growth	54
2.4.2 Relationship between Consumption and Economic Growth	55
2.4.3 Relationship between Demand for Money and Economic Growth	57
2.4.4 The Relationship between Money Supply and Economic Growth	58
2.4.5 Relationship between Velocity of Money and Economic Growth.....	59
2.4.6 Relationship between Interest Rate and Economic Growth.....	60
2.5 Adaption of Cashless Transaction	61
2.6 Research Framework.....	63
2.7 Research Hypothesis	63
CHAPTER III RESEARCH METHOD	65
3.1 Research Variable and Definition of Operational Variable.....	65
3.1.1 Research Variable	65
3.1.2 Dependent Variable.....	66
3.1.3 Independent Variable	67
3.2 Type and Source of Data	71
3.3 Research Model	72
3.4 Method of Analysis.....	72
3.4.1 Panel Data Analysis	72
3.4.2 Chow Test	74
3.4.3 Hausman Test.....	75
3.4.4 Lagrange Multiplier Test.....	76

3.5 Classical Assumption Test.....	76
3.5.1 Normality Test	76
3.5.2 Multicollinearity Test.....	77
3.5.3 Heteroscedasticity Test	78
3.5.4 Autocorrelation Test	79
3.6 Hypothesis Testing	80
3.6.1 Simultaneous Significance Test (F-Test)	80
3.6.2 Partial Significance Test (t-Test)	82
3.6.3 Coefficient Determination (R^2)	83
CHAPTER IV RESULT AND ANALYSIS.....	85
4.1 Descriptive analysis.....	85
4.1.1 Economy growth	91
4.1.2 GDP.....	91
4.1.3 Money supply	92
4.1.4 Non-cash payment.....	93
4.1.5 Saving Interest Rate	94
4.1.6 Consumption	95
4.2 Data Analysis	96
4.2.1 Best Regression Model	97
4.2.1.1 Chow Test	98
4.2.1.2 Hausman Test.....	98
4.2.2 Detection of Deviation from Classical Assumption.....	99

4.2.2.1. Normality Test	100
4.2.2.2 Heteroscedasticity Test	101
4.2.2.3 Multicollinearity Test.....	102
4.2.2.4 Autocorrelation Test.....	103
4.2.2.5 Coefficient of Determination test (R^2)	103
4.2.3 Simultaneous Significance Test (F test).....	105
4.2.4. Fixed Effect Model Result	106
4.3 Discussion.....	108
4.3.1 Money Supply	108
4.3.2 Non-cash Payment	111
4.3.3 Consumption	114
4.3.4 Interest Rate	118
4.3.5 Consumption times Non-cash Payment	121
CHAPTER V CONCLUSION	126
5.1 Conclusion.....	126
5.2 Research Limitation.....	128
5.3 Policy Recommendation	129
5.4 Suggestion for Future Research.....	129