ABSTRACT

This study aims to analyze the impact of electronic money, debit cards, and credit cards on the velocity of money in Indonesia during the period 2013-2022. The shift in the payment sistem from cash to non-cash, driven by rapid technological advancements, has led to a decrease in the use of cash among the public and increased the liquidity and efficiency of transactions.

The method used in this study is the Error Correction Model (ECM), which allows for the analysis of both short-term and long-term relationships between the variabels studied. The data used is sourced from Bank Indonesia and the Central Statistics Agency (BPS), covering the period from 2013 to 2022.

The results show that electronic money has a significant positive impact on velocity of money flows in the short run but is not significant in the long run. Meanwhile, debit cards show a significant positive effect only in the long run, but insignificant in the short run. Similarly, credit cards have a significant positive effect in the long run but insignificant in the short run. These findings indicate that innovations in the payment system, especially through electronic money and credit cards, contribute significantly to improving the efficiency of money velocity in Indonesia.

Keywords: *Payment System Innovation, Electronic Money, Debit Cards, Credit Cards, Velocity of money*

JEL Classification: O33, E42, G21, E41