ABSTRACT

This study aims to analyze the relationship between non-cash payment transactions and the narrow money supply (M1) in Indonesia during the period from Q1 2017 to Q4 2024. The independent variables consist of Debit Card and ATM Transaction Value (X1/NDA), Credit Card Transaction Value (X2/NK), Electronic Money Transaction Value (X3/NUE), and Mobile Banking Transaction Value (X4/MBK), while the narrow money supply (M1) is used as the dependent variable.

This study employs a quantitative approach using secondary quarterly time-series data consisting of 32 observations obtained from Bank Indonesia and Statistics Indonesia (BPS). The data are analyzed using Pearson Correlation Analysis with the assistance of EViews to identify the direction, strength, and significance of the linear relationship between each non-cash payment instrument and M1.

The results show that all non-cash payment transaction variables have a positive and significant relationship with M1 at the 5% significance level. The correlation coefficient between Debit Card and ATM Transaction Value (NDA) and M1 is 0.7790, while Credit Card Transaction Value (NK), Electronic Money Transaction Value (NUE), and Mobile Banking Transaction Value (MBK) have correlation coefficients of 0.5328, 0.9531, and 0.8887, respectively. Electronic Money Transaction Value (NUE) demonstrates the strongest relationship with M1, followed by Mobile Banking (MBK), Debit Card and ATM (NDA), and Credit Card (NK).

These findings indicate that the development of non-cash payment instruments is significantly associated with the dynamics of the narrow money supply in Indonesia, in line with the increasing digitalization of the payment system and the growing mobilization of funds in transaction accounts.

Keywords: M1 Money Supply, Debit Card and ATM Transaction, Credit Card Transaction, E-Money Transaction, Mobile Banking Transaction