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Analysis of International Transaction Systems and Methods of Payment in Indonesia

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ABSTRACT

International transaction systems are often referred to as international payment systems. International payments are payments for transactions made by countries involved in international trade based on previously negotiated agreements. Payments in international trade are generally carried out through banks. This study uses a quantitative research method using secondary data which is indirectly obtained from the company, but the data is obtained from the internet site. This study aims to find out what the international transaction system is, how to do it and how to do international transactions and how to do it and how to pay in Indonesia

INTRODUCTION

The rapid developments in the field of business in today's modern times have caused people and entrepreneurs to want everything to be practical and safe. Especially in the field of trade. In trade transactions on an international scale known as export-import, in essence it is a simple transaction and nothing more than buying and selling goods between entrepreneurs located in different countries. In practice, it is not uncommon for complex problems to arise between entrepreneurs, due to separation by national boundaries (geopolitics), geographic, social and demographic structures, which lead to characteristics of the form of transaction, form of agreement and form of payment.

At present, we are increasingly feeling the development of international trade. This can be seen from the increasing number and ease with which we can find goods originating from abroad that are all around us. For example, we can get TVs made in Japan easily, and we can buy clothes from America easily. This convenience is due to the effects of globalization. State boundaries as such no longer. That way, countries can easily disseminate their products. This is also supported by the rapid development of technology. Technology makes things easier, like finding information.

In international business contracts, clarity and security aspects in the method of payment become more important considering that the parties involved in such contracts are separated by a considerable distance and it is not uncommon for the parties to not know each other or have never met before. Choosing the right method of payment, in addition to providing security guarantees, can also provide relief or convenience for certain parties. For example, in an export-import transaction, choosing an advance payment method will make it easier for exporters, because the buyer (importer) makes payment before the goods are sent by the seller (exporter).

Economic growth in 2010 had an impact on increasing Indonesia's economic activity during the year. The most dominant economic activity increasing economic growth is domestic private consumption, although Investment and international trade (net exports) also have a positive influence on Indonesia's economic growth. Economic activity during 2010 certainly greatly influenced payment system activity. The value of fund transfer transactions through payment systems during the reporting period increased compared to the previous year. The value of payment transactions in 2010 reached 58.05 thousand trillion, an increase of 27.8% compared to 2009. Meanwhile, the volume of payment transactions reached 2.14 billion transactions or an increase of 15.46%.

To support smooth payment activities, many new innovations in the payment system have been created as a positive impact from the development of information technology. This of course aims to provide convenience and comfort for the user community. However, a policy is needed from Bank Indonesia to always maintain and improve security and efficiency in the operation of the payment system while still paying attention to fulfilling aspects of consumer protection. Strengthening from the infrastructure side is the main focus in developing the payment system in 2010. Preparation for the era economic integration in the ASEAN region The ASEAN Economic Community (AEC) continues to be carried out and is a major factor in strengthening payment system infrastructure, both payment systems operated by Bank Indonesia and by parties outside Bank Indonesia.

The growing development of international trade, requires us to know more about this. This is intended so that our competitiveness is not inferior to other countries. And the important thing about international trade is the method of payment. In international trade, there are various payment methods such as cash, consignment, money order, open account, or LC. As for methods and means of payment in Indonesia, such as checks, giro bills, money orders and others as well as non-cash payment instruments using card media or commonly called card-based instruments such as credit cards, debit cards, ATM cards and others. Researchers will explain what the international transaction system is and how to do it and how to do international transactions and how to do it and how to pay in Indonesia

METHODOLOGY

This study uses a quantitative research method using secondary data which is indirectly obtained from the company, but the data is obtained from the internet site.

The population in this study is the international transaction system, methods and means of international transactions and methods and means of payment in Indonesia. The sample is the object or subject chosen by the researcher which is used to represent the entire population. Sources of data in this study were obtained from internet sites.

The method used in data analysis is quantitative in this study, namely using the assistance programs of sites related to international transaction systems, methods and means of international transactions and methods and means of payment in Indonesia.

RESULT AND DISCUSSION

1. International Payment Methods and Instruments

In general, in business contracts there is always a clause regarding payment procedures. Payment (delivery of a sum of money) is one of the most important forms of achievement that must be carried out by one of the parties. On the other hand payment is a right that must be obtained under the contract. Unclear payment procedures or no guarantee of security regarding payment procedures can appear to be a business risk and a source of disputes or disputes in business relationships with the parties involved.

In international business contracts, clarity and security aspects in the method of payment become more important considering that the parties involved in such contracts are separated by a considerable distance and it is not uncommon for the men to not know each other or have never met before. Choosing the right method of payment apart from being able to provide security guarantees can also provide relief or convenience for certain parties. For example, in an export-import transaction, choosing the method of payment of advance payment in advance will make it easier for exporters, because the buyer (importer) makes payment before the goods are sent by the seller (exporter). Implementation of foreign trade transactions can be arranged in the following way of payment.

1) Advance Payment / Cash Payment

Advance payment is a form of non-L/C payment method which is known in various contracts business, including business contracts with international nuances. The method of payment using the advance payment system is commonly known as advance payment, because in this way the buyer (importer) pays in advance to the seller (exporter) via a bank transfer order to the seller's (exporter) account, before the seller (exporter) concerned sends the goods promised. After receiving payment of the price, both in whole and in part, then the seller (exporter) performs his obligation to send the goods via port of loading. The goods sent are registered in the name of the buyer (importer).

The method of payment by advance payment has several variations according to the total price paid in advance by the buyer (importer). Sometimes the buyer pays the entire price of the goods including freight, insurance and all costs agreed in their business contract. By sending this price, the buyer (importer) has completed all of his obligations as far as payment is concerned and therefore, there are no additional costs to be incurred. paid by the buyer (importer). This method is known as payment with order.

Another variation is partial payment with orders. As the name implies, in this payment system the buyer only pays part of the price in advance, for example only paying the price of the goods. Other costs as agreed, such as freight, insurance, and other costs will be paid by the seller after the seller fulfills his obligation to deliver the goods. Collection of remaining payments by the seller is generally done using a collection system.

The method of payment using the advance payment payment system contains risks that must be considered, especially by importers who make payments in advance. There may be a default from the seller which can be fatal to the buyer, for example the seller does not deliver the goods on the agreed time, or the seller sends goods whose qualifications and quality do not match what was agreed upon. Therefore, the business contract that underlies transactions like this must be strengthened by various clauses which can guarantee the interests of the buyer, for example a clause on compensation or sanctions.

It should be noted that the method of payment by advance payment is generally chosen by the parties in a business contract if the parties have a good business relationship between the parties. In other words, business contracts that occur are generally not the first business relationship for the parties. This method is only useful if the parties already know each other and have frequently made transactions or if the buyer has previously known the performance of the seller.

2) Open Accounts

This method is the opposite of cash payments. By means of an open account, the goods have been sent to the importer without being accompanied by a payment order and documents. Payment is made after some time or it's up to the importer's policy. In this way, most of the risk is borne by the exporter. For example, exporters must have a lot of capital and if payments will be made in foreign currency then the risk of exchange rate changes is borne by them.

With this method, payment is made after the goods are received, or the reverse of the advance payment system. This payment system requires the seller (exporter) to send the goods first after the contract is signed. Payment is made after the buyer approves the goods received. Money transfers are made through a bank.

The payment method with an open account is the opposite of Advance payment. If in advance payment the buyer pays the price of the goods first, then in the open account the seller sends the goods first, only after that the buyer pays the price via a bank transfer order to the seller's account.

In an open account, the name of the owner of the goods listed in the export documents is already in the name of the buyer (importer). Documents submitted by exporters to importers can be through a bank. However, submission of these documents to the bank is only limited to being a courier.

The payment method with an open account will be very profitable for the buyer, because it is through the system In this case, the buyer first sees the goods sent by the seller. Buyers can see and check first the specifications of the goods promised and then make payments. Thus, the buyer has time to declare a rejection of the goods that have been sent by the seller. Another advantage is that the buyer has sufficient free time to provide funds for payment purposes.

On the other hand, risks can arise on the part of the seller, for example, the goods have been sent by the seller to the port where the buyer is domiciled, but the buyer does not make payments or makes payments not on time. By itself the seller will lose because he has invested in the price of goods and other costs incurred for the purposes of transportation costs and insurance costs.

Just like the advance payment method, the open account method of payment is rarely used by parties who do not know each other well, the reputation of their contract partners. Because this method is very profitable for the buyer, it is generally the method Most open account payments are made between the parent company and its subsidiaries. By means of later payments, the parent company has actually provided financing to the subsidiary. The advantage of this method of payment is the same as payment by advance payment, which can reduce the cost of banking services.

3) Letter of Credit

L/C is a letter issued by a bank at the request of a buyer of goods (importer) where the bank approves and pays for the money order drawn by the seller of goods (exporter). Thus L/C is a substitute for bank credit and can guarantee payment for exporters. Parties involved in L/C are openers (importers), issuers (banks issuing l/cs), benefit ciaries or sellers (exporters), and in practice there is one more party, namely confirming banks, namely banks in exporting countries.

Payment for transactions using L/C is the most common method of payment used in business transactions, especially sales of goods. Method payment using L/C must first be included in the sales contract. Based on the clause on how to pay by L/C listed in the contract, the buyer (importer) then submits an L/C application to the foreign exchange bank in his country (opening bank) for the benefit of the seller. The opening bank will then send an L/C letter to the beneficiary through its correspondent bank in the seller's country (exporter). Bank The correspondent/advising bank then informs the beneficiary that an L/C has been opened for him. After receiving the L/C, the seller (exporter) sends the goods to the buyer. The original documents regarding the goods are submitted to the advising bank and the duplicates are sent to the buyer. After conducting research on the completeness of the documents, the advsing bank will make the payment. Documents received and checked by the advising bank are then sent to the opening bank (issuing bank) and after that the issuing bank makes payments to the advising bank. The creditor (importer) pays all obligations to the issuing bank after being notified that all documents have come. Issuing will send the original document to the creditor, as a basis for requesting goods from the carrier.

By using L/C payments will be easier, safer and guaranteed completeness of shipping documents, and risks can be transferred to the relevant bank. In addition, for exporters L/C can also be used as collateral to obtain loans.

4) Commercial Bills of Exchange

It is the most commonly used method and is often called a draft or trade bills, namely a letter written by the seller containing an order to the buyer to pay a certain amount of money at a certain time in the future, which is usually called a trade draft. The type of draft consists of; clean draft and tary draft documents.

Commercial bills of exchange, often called money orders (drafts) or trade bills, are letters written by the seller containing an order to the buyer to pay a certain amount of money at a certain time in the future. Such warrants are often called money orders.

5) Collections

Collection is a method of payment by using bank services for billing. In collection, the seller (exporter) acts as a principal who gives trust to the bank to bill the importer (buyer). Billing is based on documents. The bank that received the mandate to collect (remitting bank) after receiving the documents will continue the collection. After receiving the collection document, the remitting bank then forwards the document to the collecting bank using a collection instruction. This collection bank will forward the document to the party that has to pay (drawee).

In the event that the collection bank cannot directly forward the document to the drawee, the collection bank can forward it to another bank (presenting bank) which allows it to deal directly with the drawee. After the drawee has done this to the collection bank or presenting bank, the collection bank will forward it back to the remitting bank. It is this remitting bank that will make payments to the principal.

To avoid misunderstanding regarding procedures for payment of transactions using collections, the International Chamber of Commerce (ICC) issued Uniform Rules for Collection (URC), the last of which was revised in 1995 with publication number 522 (URC 522). Based on URC 522, the method of payment by collection can occur under two conditions, namely: document against payment and document against acceptance.

In the document against payment, the seller (exporter) retains the documents of ownership of the goods and only submits the export documents after payment has been made from the buyer (importer). Meanwhile, in the document against acceptance, the exporter (seller) will submit the export document after the buyer (importer) has made the acceptance. payments or carrying out orders.

6) Consignment

Consignment is also categorized as a way of paying for transactions. Consignment is actually another variation of the payment method with an open account. Through consignment, the seller sends the goods first. The difference with an open account is regarding the time the buyer sends the goods. If on an open account the buyer sends the purchase price after the goods are delivered or at a certain agreed time after the goods are sent by the seller, then on a consignment the buyer is obliged to send the price for payment for the goods after the buyer has succeeded in selling the goods to a third party.

This method of payment tends to carry enormous risks for the seller. The possibility of default is very large and in certain circumstances it is difficult to monitor. Possible defaults include: a. the buyer does not pay the price to the seller; or b. the buyer has successfully sold the item to a third party, but the buyer delays payment to the seller and declares the item has not been sold yet. Thus, the buyer benefits from the delay in payment, or; c. if the buyer has sold the goods to a third party at the time of the increase in the price of the goods, but then notifies the seller that the goods were sold to third parties at the time before the price increase occurred.

Due to the large possibility of risks that may be experienced by the seller, contracts that use this method of consignment payment are equipped with strict clauses regarding compensation or sanctions in the event of default. A good introduction to the various forms of indemnification clauses will greatly help avoid losses. It is also very important to regulate the oversight mechanism in consignment contracts. Given the risks involved in consignment contracts, generally consignment contracts are rarely used, except by parties who have known each other for a long time, know each other's reputations, and most importantly the parties have repeatedly made transactions or other business collaborations.

Nevertheless, contracts that use the consignment method of payment also have various advantages. Sellers (exporters) will benefit from the ease of marketing goods abroad, because this method is in great demand by importers. Meanwhile, for importers, it is very beneficial because they do not need to spend funds to pay the price of goods in advance.

2. Methods and Means of Payment in Indonesia

A. Cash

The use of cash media in payment transactions is widely chosen for reasons of convenience. By using cash, if someone buys and sells goods and or services, when he receives the goods and or services purchased, the seller also receives money as payment. If all purchases of goods and or services use cash, all economic actors will keep a relatively large supply of cash in order to fulfill all their payment obligations. In order to be more efficient and safer, non-cash payment instruments are used whose use involves intermediary institutions, namely banks.

B. Non-Cash/Cashless

Non-cash payments involve banking services in their use. Bank as a body businesses that collect funds from the public generally provide services in payment traffic for their customers. Services in payment traffic provided by these banks include issuing checks/bilyet giro for demand deposit withdrawals, transferring funds from one savings account to another savings account at the same bank or at a different bank, debit card issuance, credit card issuance and others.

C. Check

The check referred to is as regulated in the Commercial Code (KUHD). The general meaning is a letter containing an unconditional order by the issuer to the bank that maintains the issuer's checking account to pay a certain amount of money to the holder or bearer. The formal requirements for checks according to the Criminal Code are as follows:

1. The name of the check, which is contained in the text itself and stated where the check is mentioned.
2. An unconditional order to pay a certain amount
3. The name of the person who has to pay (get involved)
4. Appointment of the place where the payment must be suspected
5. Mention of the calendar day along with the place where the check was issued
6. Signature of the person issuing the check (issuer)

D. Transfer Form

Is an order from the customer to the bank that maintains the customer's checking account (interested bank) to transfer an amount of money from the account concerned to the beneficiary named at the same bank or another bank. The use of demand deposits is not regulated in the Criminal Code, but in SK No.28/32/KEP/DIR and SE No.28/32/UPG dated 4 July 1995 concerning Bilyet Giro. The formal requirements for a giro according to the SK are as follows.

1. The name of the giro slip and the number of the relevant giro slip
2. Interested name
3. Unconditional clear orders to transfer funds at the expense of the withdrawing account
4. Name and account number of the holder
5. Name of beneficiary bank

6. Amount of funds both in numbers and in letters as complete as possible
7. Place and completeness
8. Signature, full name, and/or stamp, stamp in accordance with account bookkeeping requirements.

E. Credit Card

Is a means of payment that payment is made later. In this case the card issuing bank provides credit to credit card holder customers with a time limit and additional interest that the customer agrees between the bank and the customer.

F. Debit card (debit card)

Payment transactions using a debit card will directly reduce the cardholder's account balance at the issuing bank. So, in this case there is no credit facility provided by the issuer to the cardholder. As with credit cards, the payment mechanism with a debit card also requires an authorization process and is supplemented by the use of a PIN (Personal Identification Number) by the cardholder.

G. Electronic Money (E-Money)

Technological developments in the field of information and communication have had an impact on the emergence of new innovations in electronic payments. Some examples of electronic payments that are well known in Indonesia today include phone banking, internet banking, payments with credit cards and debit cards/ATM cards. Even though the technology used varies, all of the electronic payment methods mentioned above are always directly related to the bank customer accounts that use them. In this case, every payment instruction made by a customer using one of these payment methods always requires an authorization process, which will then be charged directly to the account of the customer concerned.

Currently, several countries have begun to recognize electronic payment instruments known as electronic money or often referred to as e-money, whose characteristics are slightly different from the previously mentioned electronic payments because payments are made using e-money. money does not always require an authorization process for charging to the accounts of customers who use it. This is because the e-money has recorded a certain amount of money. With these characteristics, in principle someone who has e-money is the same as having cash. It's just that the value of money is converted in electronic form.

CONCLUSION

International transaction systems are often referred to as international payment systems. International payments are payments for transactions made by countries involved in international trade based on previously negotiated agreements. Payments in international trade are generally carried out through banks.

The payment system is a system related to the transfer of a number of money values from one party to another. The media used to transfer the value of money are very diverse, ranging from the use of simple payment instruments to the use of complex systems involving the following institutions: the rules of the game. The authority to regulate and maintain the smooth operation of the payment system in Indonesia is exercised by Bank Indonesia as stipulated in the Bank Indonesia Law.

Based on the results of the researchers, the methods and tools for international transactions are Payment / Cash Payment, Open Accounts, Letters of Credit, Commercial Bills of Exchange, Collection and Consignment. As for methods and payments in Indonesia, namely Cash/Cash, Non-Cash/Cashless, Cheques, Bilyet Giro, debit cards (debit cards) and Electronic Money (e-Money).

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