



# Rupiah currency strengthening at border area West Kalimantan Province - Gun Tembawang, Suruh Tembawang Village, Entikong District

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## Abstract

The use of Malaysian Ringgit in Dusun Gun Tembawang, Suruh Tembawang Village, Entikong District, Sanggau Regency, West Kalimantan Province is very low and there are almost no transactions on Rupiah in this area including tourists use. This study used qualitative research methods with data collection namely observation techniques, conducted by researchers directly observing the actions and activities in the field related to the focus of problems and interview techniques, conducted by researchers by making a series of question lists which contains the main issues that will be asked to the informant or subject related to get the information or data needed. Based on the results of research Gun Tembawang community do not recognize the Rupiah currency and in each transaction they use the Malaysian Ringgit currency and in their daily needs the community is still dependent on the State Neighbours namely Malaysia. The implementation of Bank Indonesia Regulation Number 17/3/2015, Regarding the Obligation to Use the Rupiah in Gun Tembawang has not been optimal. Policy objectives must be clear and measurable so that they can be realized, for example policy objectives, policy directions and policy objectives that have an impact on economic conditions, and social conditions . The District Government and the Central Government immediately need to complete the road infrastructure at the border that can connect Gun Tembawang to the village center, and the regional government center, because the main factors which are most influential to change things as they are now, are road infrastructure development and education.

**Keywords:** Rupiah currency strengthening, border area, implementation of BI regulation, social and economic conditions.

## Introduction

The Republic of Indonesia as an independent and sovereign nation has a symbol of state sovereignty that must be respected and be proud of by all Indonesian citizens. One of the symbols of the country's sovereignty is its currency. The currency issued by the Republic of Indonesia is known as the Rupiah and it is used as a legal payment instrument in the national economic activities. Regarding Law Number 7/2011 concerning Currency, it is mandated that all transactions in all regions of Indonesia must use the Rupiah. The Rupiah story that doesn't sell well in border areas and this is not a new story. Besides in East Nusa Tenggara (NTT), and Papua New Guinea (PNG), the Indonesian border in the Entikong Sub-district area, Sanggau Regency, West Kalimantan Province have long traded using the Malaysian State Ringgit. In the case of the border regions of Indonesia and Malaysia, the Ringgit currency is considered more efficient than the Rupiah.

The efficiency value can be seen from the nominal value of the Rupiah which is greater than that of the Ringgit. Gun Tembawang, Suruh Tembawang Village, Entikong District is one of the isolated and isolated villages located right on the Indonesia-Malaysia border. This region, located in West Kalimantan-Sarawak, is still a territory of Indonesia which includes the time zone in Western Indonesia Time (WIB), but generally the border communities refer to Malaysia time. This was done in order to adjust to the time of the State of Malaysia to trade in Gun



Sapit, a hamlet included in the territory of East Malaysia. The village consists of eight hamlets, with a population of 2,767. Heading to the Village of Suruh Tembawang is not an easy and inexpensive journey. But the only route is along the Sekayam river to the upper reaches of Entikong. The one-time departure fee ranges from Rp. 800,000.00 to Rp. 1,500,000.00 using a motorboat (Long Boat). The distance is even 64 km from Entikong Cross-border Checkpoint (PPLB). The coordinates of the place make it far from the location of the central government of Indonesia, and from the frenetic capital. It is very clear in terms of infrastructure, as well as information obtained by its citizens, that this area is almost "forgotten" by Indonesia. Until now, at Gun Tembawang area, Suruh Tembawang Village, Entikong District, Sanggau Regency, the currency used for transactions is the Malaysian Ringgit currency. Even information received by the community of Gun Tembawang Hamlet, is more from the neighbouring countries than information from the State itself. Gun Tembawang Hamlet's economic growth cannot be denied if it is strongly influenced by the circulation of the Ringgit, not the Rupiah. The Ringgit makes all community activities smooth and this goes hand in hand with the fulfilment of everything the locals need.

The Ringgit monopoly on the Rupiah indicates a continuous control over all aspects of community life that have been happening at the border. The dominant use of the Ringgit by the people of Gun Tembawang resulted in the Rupiah becoming marginalized in its own country. Low connectivity is one of the causes of the large amount of foreign currency circulating in border areas. Bank Indonesia stated that due to the low connectivity for the distribution of goods and services to the border region, this is the reason why local people choose to use foreign currencies in order to buy goods and services from neighboring countries. At the border of Entikong Subdistrict, Sanggau Regency, West Kalimantan Province, goods from Malaysia are easier to obtain than goods from Indonesia. So inevitably the people there use the Ringgit. Therefore, one way to eradicate foreign currency circulation in border areas is by building a suitable road infrastructure that can improve the connectivity of goods and services. This phenomenon cannot be seen as a consequence of liberalization, but can be seen as a form of 'soft threat' or 'soft invasion' to the political and economic sovereignty of a country. To avoid this undesirable event, the regional and central government on the use of the Rupiah must further improve connectivity so that the use of the Rupiah can be implemented properly.

Interestingly, the Malaysian and Indonesian currencies have been among the world's worst performing this year, and in fact the two currencies fell to their weakest levels since 1998, during the Asian Financial Crisis, before they were able to recover some losses. The rupiah is on a downward trend.

...the rupiah's weakness has been stoking domestic inflation, DBS said in a note, noting that the country's average import content for production was estimated at around 70 percent. That means the country's central bank, Bank Indonesia, can't cut interest rates to boost the economy and may even need to raise rates, further slowing growth, DBS said. Bank Indonesia is expected to keep interest rates on hold at its meeting later Thursday; in the second quarter, Indonesia's economy grew around 4.7 percent on-year. In the short term, some don't expect the rupiah will advance much further. (Shaffer, 2015)

## Literature Review

Van Meter and Van Horn in Subarsono (2005: 99-101), said that for policies to run smoothly, a highly dependent model of the process policy implementation is needed including: economic, social and political conditions, and policy objectives must be clear and measurable so that it can be realized. For example, policy objectives, policy directions, and policy targets that have an impact on economic and social conditions. If the standards and targets are blurred, there will be multi-interpretation and it is then very easy to cause conflicts between implementation



agents. To achieve desired objectives, this includes the complexity of the objectives to be achieved. If policy objectives are more complex, it will be increasingly difficult to achieve policy performance. Conversely, if the policy objectives are simpler, then the likelihood for achieving them is also easier. Resources are needed that support policy-making and carrying out of policy.

Policy performance will be determined by financial, material, and other infrastructure resources within the environment which include the social, economic, political, and so on. It will be influenced by the social, economic, and political context in which the policy is implemented. The strategy used to reach the goal is important in implementing a policy which will affect the performance of a policy. The strategy used can be based on a top / down approach or bottom approach, or an authoritarian or democratic approach.

## **Research Methodology**

The method in this research was a descriptive qualitative-research technique with the application of stakeholder analysis and is described as an approach in qualitative research based on a discussion of various phenomena of interest which are psychologically grown within the organization as a result of their experience and their conceptualization of particular phenomena.

This analysis was preceded by a review of several stakeholders while collecting data on their actions, their interests, perceptions, experience behavior, thoughts in relation to the particular phenomenon, namely the development of tourism. Analyses were conducted related to the collection of writings and texts or observations directly from the behavior or events that occurred, and through in-depth interviews of the stakeholders.

The data sources were from in-depth interviews with entities such as such border management institution Sanggau, a Bank Indonesia Officer, Camat Entikong, Kepala Desa (Village officer), Kepala adat, kepala dusun dan Gun Tembawang Community. There were also direct observations of the situation and condition of this sector through media such as seminars, dialogue between agencies and so forth. Other data was also obtained from papers, seminars, research reports, books, documents and others related to the purpose of this study. The researchers went directly to the field.

The questions in the form of interview guides prepared by researchers only served as a way to start a dialogue with researchers elaborating on the subject. After the research, the research team discussed issues with the community about how to strengthen the Rupiah Currency to make the border area, especially Gun Tembawang Community aware of the situation where the country's own currency is not used in its borders.

## **Results**

The implementation of the policy including: economic conditions, social and political, standards and target policies must be clear and measurable so they can be realized, for example, objectives policies, policy directions, and policy objectives that have an impact on conditions both economic and social are required. If the standards and targets are blurred, they will occur multi-interpretation and easily cause conflicts between implementation agents. That awareness of the problem has long been realized, because without realizing the impact that will occur is to weaken the national economy. The effect of aspects of national resilience on the life of the State is a description of the condition of the system (governance) of national life in various aspects at a particular moment in time. Thus, each aspect changes relative to time, space and environment especially on dynamic aspects, so that the interactions result creating a general condition that is at times difficult to monitor because it is very complex in nature.

Conceptions of national security will involve the relationship between supporting aspects life, namely: 1) Natural (Static) aspects; Geography, Population, Source natural wealth. 2) Social aspects (Dynamic); Ideology, Politics, Economy, Social culture, security resilience. The community considers that economic dependence on Malaysia is a normal thing in their lives. For example, people are selling agricultural produce and plantation goods to Malaysia, after which the proceeds of sales are then spent on buying daily necessities from Malaysia. Thus, it is not impossible, several indications exist that the strong dependence on Malaysia can potentially raise a serious threat in the form of the erosion of nationalism at the border. Development at the border must be designed to create improvement of economic and social aspects for the local community. This dependency has existed for a long time and become and is almost an inseparable part of peoples' lives.

Some indicators that can be seen as a threat to the fading of the soul of community nationalism is dual citizenship or 'double-headedness'. People choose to have dual citizenship in order to be able to overcome the difficulties of accessing basic needed facilities, hope in Indonesia fulfillment is still very limited for the community. Reality shows, this level of dependency gives birth to a trading system as described earlier, making the Ringgit the major medium of exchange and the Rupiah which is one of the country's identity items is gradually dumped in its own country in the midst of Ringgit dominance.

## Discussion

Bank Indonesia Regulation (PBI) No.17 / 3/2015 concerning the obligation to use Rupiah transactions in the territory of Republic Indonesia, has not been realized and cannot be implemented properly, because the factors that influence the obstruction of the regulation are regarding infrastructure and the development road that is not yet feasible. But the regulation is enforced along with the sanctions introduced to the public. Every person is prohibited from refusing to accept Rupiah whose delivery is intended as payment or to settle obligations that must be fulfilled with Rupiah and / or for other financial transactions, except because there are doubts over the authenticity of the Rupiah as referred to in shall be liable to a maximum imprisonment of 1 (one) year and a maximum fined of Rp. 200,000,000.00. For residents who live in areas especially on the border of Gun Tembawang, Suruh Tembawang Village, Entikong District, Sanggau District, they may also carry out the mandate as stipulated in the Bank Indonesia Law and Regulation (PBI), which is the obligation of every citizen for the use of the Rupiah in Indonesian territory. Discipline for using of currency is very necessary to realize order in the implementation of government policies. The point is the:

- misunderstanding of the local community about the importance of discipline in using the Rupiah currency
- low levels of public awareness of the country's sovereignty through the currencies used.
- complaints by them on the fact that the infrastructure is not supportive to use the Rupiah currency so that it starts to be prioritized into the development of infrastructure both at the village, sub-district and even government levels.

## Conclusion

After carrying out a series of activities such as outreach, sharing and dialogue, the community considers that economic dependence on Malaysia is normal in their lives. One resident said that the community of Gun Tembawang was accustomed to carrying out economic activities in Malaysia. For example, selling agricultural products and plantations to the State of Malaysia, then the results are spent on buying daily basic necessities and all the goods are from the State of Malaysia. From the narrative, if explored further, this attitude is a form of a "desperation" for their conditions at the border which are far from the attention of the State. Thus, it is not impossible, as suggested by some circles that the strong dependence on the



State of Malaysia can potentially pose a serious threat in the form of the erosion of nationalism at the border.

The important thing from the conclusion of this activity is that development at the border must be designed to create improved economic and social aspects for the community. This dependence has been happening for a long time and has become an inseparable part of peoples' lives every day that is carried out with a high level of economic dependence on Malaysia and it has directly influenced their lifestyle. Some indicators that can be seen as a threat to the fading of the soul of nationalism are one of them being a society that has dual citizenship. The community chooses to have dual citizenship in order to overcome the difficulties of accessing its basic needs and facilities, hoping that Indonesia will still have very limited fulfilment for the community needs. It can be simply said that even though it is a part of Indonesia, the community is economically part of the State of Malaysia. The hard facts show this level of dependency has given birth to a trading system as explained before, making the Ringgit the main medium of exchange and the Rupiah which is one of the country's identities is slowly being dumped in its own country in the midst of burgeoning Ringgit dominance.

The dependence of the community of Gun Tembawang on the State of Malaysia, which continues until now, is actually a result of the infrastructure development lags so that that good infrastructure has not yet reached there. The limited supply of staples for Indonesian production to their further strengthens this dependency. Difficult economic conditions in the midst of rising costs of daily necessities, coupled with the ease of accessing basic goods from neighbouring Malaysia, at a cheaper price, have forced the public to remain loyal to become customers of Malaysia. Almost all their basic needs, such as rice, sugar, flour, cooking oil, cooking spices, LPG gas and others are supplied from the State of Malaysia. Then relevant team needs to evaluate the activities by continuing to coordinate with the target parties and the government and Bank Indonesia. Some recommendations are offered below:

1. To increase public awareness in the community about the importance of an independent and sovereign Indonesia which has a symbol of state as sovereignty that must be respected and proudly used by all Indonesian citizens, by conducting socialization plans and strengthening the importance of using the Indonesian currency because it is related to the country's sovereignty and the prosperity of the people themselves. This should be periodically for at least one year. The currency issued by Republic Indonesia is Rupiah. The Rupiah is used as a legal payment tool in national economic activities to create social welfare for all Indonesian people and this has been regulated and stipulated in Law Number 7 of 2011, concerning currency and regulations, and is followed up by the Bank of Indonesia Regulation (PBI) No.17 / 3/2015 concerning Obligations to use the Rupiah in the Territory of Indonesia. The Regional Government and Bank Indonesia can improve the situation again and provide guidance to the community of Gun Tembawang area so that the policies that have been set and determined can be optimally run well as they are expected to be.

2. The role of the village government in the area, the regional government and Bank Indonesia in counselling, and monitoring the use of foreign currencies in the territory of Indonesia is important so that it is more optimized. They need to foster, monitor and control the ways of implementing the activities by using currencies, so that it is easy to control developments and the purpose of the policy can be adhered to.

3. Policy standards and objectives need to be clarified not only by a regulatory record, but also by explaining by the actions or attitudes on applying all existing norms in accordance with existing regulations so that they are not 'floating' and can be known and understood by the wider community, especially the community of Gun Tembawang area , Suruh Tembawang Village, Entikong District, Sanggau Regency.



4. It is recommended that the District Government and the Central Government immediately complete the road infrastructure at the border that can connect Gun Tembawang area to the village centre, and the regional government centre, because these are main factors which are most influential to change are road infrastructure development and education. This is so that the problems that exist at the border and especially there, can be resolved well and quickly.

5. Increasing coordination between The area to the Village Government and the Regional Government, regarding the current social conditions, and the development must be an ongoing and continuous process to obtain better results.

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